



Dave Shelton

JAMES W. GIBSON

Oil & Gas Producer

November 5, 1996

Oil and Gas Conservation Commission
of the State of Colorado
1120 Lincoln Street, Suite 801
Denver, Colorado 80203

State No. 1-15
NESW Section 15, T19S-R47W
Nee Noshe Field
Kiowa County, Colorado

Attention: Mr. Richard T. Griebeling, Director

Gentlemen:

Please refer to the accompanying copy of Notice of Alleged Violation, dated October 29, 1996, pertaining to the subject well, for not providing annular cement coverage of the Cheyenne and Dakota zones from 1,350 ft. to 750 ft. We were initially informed of the alleged violation by a telephone call from Mr. Dave Shelton, OGCC, on October 28, 1996, calling attention to the filed Well Completion Report (OGCC Form 5) not showing evidence of the annular cement coverage. We acknowledged that the referenced annular cement coverage was not done.

Until we received the telephone call from Mr. Dave Shelton, OGCC, on October 28, 1996, we were unaware the referenced annular cement coverage was required.

We filed the Application for Permit to Drill (OGCC Form 2) on July 8, 1996, copy attached, proposing that if 5 1/2" O.D. production casing was run through the Spergen member of the Mississippian formation, which was the principal objective zone, it would be cemented using 350 sacks together with a multi-stage cementing tool at \pm 3,500 ft. It is obvious from the depth of the proposed multi-stage tool and the proposed volume of cement that cement coverage of the Cheyenne and Dakota zones, from 1,350 ft. to 750 ft., could not be attained. On July 16, 1996, we received a telephone call from Mr. Ron Schmela, OGCC, advising the Permit to Drill the subject well would be approved on July 18, 1996 but nothing was said about our proposed production casing cementing procedure. On July 19 or 20, 1996, the approved Permit to Drill was received, copy attached. As in many such instances the approved Permit wasn't checked, since verbal approval had been previously indicated, and consequently the instructions printed at the bottom of the approved Permit were not observed.

On our original Application for Permit to Drill, the proposed cementing of the 5 1/2" O.D. casing included the use of a multi-stage cementing tool at \pm 3,500 ft. designed to provide cement coverage up to about 2,900 ft. to mitigate corrosion of the production casing that had previously occurred in a well in the adjacent Section 21. Our proposed use of the multi-stage cementing tool was not for any coverage of the Cheyenne and Dakota zones because we were unaware of such requirement. When neither of the objective zones in the subject well, Mississippian or Morrow, was found productive and the shallower Marmaton warranted a completion attempt, it was then unnecessary to utilize the proposed multi-stage cementing tool and the 5 1/2" O.D. casing was cemented in a conventional manner, with some cement coverage up to 2,900 ft., over the perceived corrosive interval.

We believe we should have been notified that our proposed cementing of a production casing string failed to conform with the required cement coverage, before Approval of the Drilling Permit was granted. None of the older producing Morrow sand gas wells in the adjacent two sections provided cement coverage of the Cheyenne and Dakota zones.

In nearly 40 years of applying for, and receiving approval to permits from the COGCC we have always complied with all orders, rules or regulations of the COGCC.

The present status of the subject well is a shut-in Marmaton formation gas well with the gas containing 970 ppm hydrogen sulfide. The H₂S content, that will require costly sweetening facilities, to make the gas saleable, together with the indicated small size of the Marmaton reservoir adds to the already dubious economics of the well. Work to try and provide cement coverage of the Cheyenne and Dakota zones now would require killing the well, isolating the Marmaton gas productive zone, perforating and cement squeezing, drilling out cement, and subsequent verifying the coverage with a cement bond log and would cost an estimated minimum of \$20,000.00 which would be prohibitive. Most previously completed Marmaton oil or gas wells in SE Colorado have been single well fields and have been short lived. Plugging procedure will provide adequate cement coverage of the Cheyenne and Dakota zones.

Due to the extenuating circumstance involved in this matter, we request your consideration to our not having to provide cement coverage of the Cheyenne and Dakota zones at this time.

Sincerely yours,



J. W. GIBSON

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Enclosures

Certified Mail Z 708 21: 641