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**JAMES W. GIBSON**

*Oil & Gas Producer*

December 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:

Working over the subject newly completed gas well at a cost of \$25,000.00, or more, together with the attendant damage risk to the well, as ordered by the COGCC'S NOTICE OF ALLEGED VIOLATION, dated October 29, 1996, is unreasonable and unfair.

The alleged violation cited by the NOAV is for not providing cement coverage of the Dakota and Cheyenne zones between the depths of 750 feet and 1,350 feet when the production casing was cemented. It was not an oversight but was simply due to our not being aware of the requirement. Moreover, we don't believe it was entirely our responsibility.

Telephone approval, from the COGCC, of the filed APPLICATION FOR PERMIT TO DRILL was received on July 16, 1996, with no mention of any requirement or any exception to the cementing procedure we proposed in the application. Copy of the approved PERMIT, with an approval date of July 18, 1996, wasn't received by regular mail until July 22 or 23, 1996 and drilling of the well commenced July 24, 1996. A copy of the approved PERMIT was mailed to our superintendent, in Fort Morgan, who posted it at the drilling rig the following day when the well was at a depth of about 2,500 feet. There wasn't any reason to have observed the fine print at the bottom of the approved PERMIT since we had previously received unqualified verbal approval.

Two months after completion of the well, Mr. Dave Shelton, of the COGCC, telephoned advising that cement coverage of the Dakota and Cheyenne zones had not been provided. Also, he advised the requirement had been stated at the bottom of the approved copy of the PERMIT and was in very fine print. This method of listing any requirement was completely new to us, after over thirty years of applying for permits, and was unnoticed. The approved copy of the PERMIT did not have any exception to our proposed cementing procedure, which was obviously not in accordance with the requirement. Therefore, when we received the telephone approval of the PERMIT we naturally believed our proposed cementing procedure was approved. We note

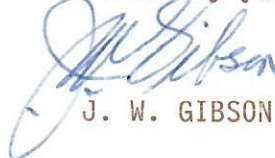
that new (August, 1996) APPLICATION FOR PERMIT TO DRILL forms direct attention to any requirements at the bottom of the form under a large, underlined print heading of CONDITIONS OF APPROVAL, IF ANY.

Had we known of the requirement, when the telephone approval of the Permit was received, we would have arranged to use additional surface casing to provide the required cement coverage. This would have eliminated the need for a cementing stage collar or perforating and cement squeezing, neither of which is better practice or permits later recovery of any production casing.

Due to the anticipated relatively short producing life of the subject Marmaton formation completed well, the lack of cement coverage of the Dakota and Cheyenne zones shouldn't pose a critical problem. Six other adjacent producing wells do not have cement coverage of these zones. Work to repair a hole in the production casing of an old well in the adjoining section, due to corrosion, showed no evidence of any fluid movement having taken place from, or to, the Dakota and Cheyenne zones. Due to the low permeability of all the formations above the Mississippian plus the column of drilling mud, behind the production casing, evidently prevents any fluid movement. Within the nearby McClave Field there is at least one Dakota water well plus a number of shallower depth water wells that have been unaffected by thirty, or more, producing wells without coverage of the Dakota and Cheyenne zones, over the last thirty-five years time.

We respectfully request a review of the circumstances in this matter.

Sincerely yours,



J. W. GIBSON

JWG/mln