



MILES PRODUCTION COMPANY

1925 BELT LINE ROAD, SUITE 525 • CARROLLTON, TEXAS 75006

December 27, 1978

Energy and Minerals Department
Oil Conservation Division
1000 Rio Brazos Road
Aztec, New Mexico 87410

Re: Miles Production Company, #1 Drought
Sec 4 15N 6W
McKinley County, New Mexico

Attention Mr. Kendrick

Miles Production Company has filed an amended form 103 to request a plug back on the subject well according to the Commission specifications.

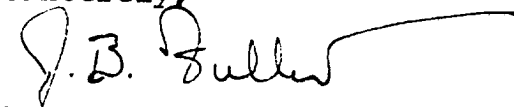
As I stated over the telephone to you, it was not understood that there had to be specific plugs set to plug back a shallow well as I had been informed that the very numerous Uranium holes in our drilling vicinity were plugged with a cement plug in the top after being filled with a heavy mud.

It is the intention of Miles Production Company to plug the well either back or for abandonment as specified. At the moment there is uncertainty as to which it will be. Miles has spent approximately \$82,000.00 which included \$10,000.00 for Nitrogen fracing the shallow Hospah sand (728-740 feet). Preliminary tests indicate there is oil mixed with a little gas, but also fresh water. As a Geological Engineer, it is feared that a plugging operation, as specified by you, will contaminate the potential Hospah formation and it will not be known whether there is commercial production or not. It would not be known whether the area would warrant another well if we ruined the present one by your specific plugging back procedures.

On this basis, Miles Production Company requests a hearing to petition this cause if that is necessary, or the right to produce the well for a few months and allow the oil to be hauled and the money escrowed if necessary.

I plan to be in New Mexico the later part of the first week and the second week in January 1979 and I would like to be able to visit you, Mr. Kendrick to discuss this matter.
Thank you.

Sincerely,


James B. Fuller

