

P. O. Box 959
Farmington, New Mexico 87401

July 24, 1980

Kenai Oil and Gas, Inc.
Attention: Mr. George B. Judd
717 17th St.
Suite 2000
Denver, Colorado 80202

Gentlemen:

Enclosed is your request for approval to change zones dated June 12, 1980, in well No. 13 Federal 7, NW $\frac{1}{4}$ SW $\frac{1}{4}$ sec. 7, T. 23 N., R. 7 W., Rio Arriba County, New Mexico, lease NM 23051.

Approval is granted for perforating, treating, and testing of the Gallup with a bridge plug set at 5530 feet. You will be allowed 30 days from the date of this letter for testing of the Gallup. Production from the Gallup, after this time, will be allowed only if the Dakota is permanently abandoned. The requirements for permanent abandonment of the Dakota are as follows:

Cement off the Dakota perforations with a cement plug from T.D. to 50 feet above the top of the perforations.

or:

Set a bridge plug and cement cap above the Dakota perforations, within 100 feet of the top of the perforations. The cement cap must be at least 35 feet if placed by wireline or 25 sacks if spotted through tubing.

A form 9-330 "Well Completion Report" (six copies) is also needed for the subject well.

Sincerely yours,

James F. Sims
District Oil and Gas Supervisor

Enclosure

cc: Roswell w/Enclosure
NMOCC (2) w/enclosure
Well file
Chronological file

EGBecher:lje

