

NANGO, INC.  
611 PHILTOWER BUILDING  
TULSA, OKLAHOMA 74103

January 23, 1978

Mr. A. R. Kendrick  
Supervisor, District #3  
Oil Conservation Commission  
State of New Mexico  
1000 Rio Brazos Road  
Aztec, New Mexico 87410

Re: Non Unit Federal 31 #1  
C-31-21N-1W  
Sandoval County



Dear Mr. Kendrick:

Please find enclosed a chronological file covering the above referenced Pictured Cliffs test well, as described in your letter of September 16, 1977. Federal 15 #1, H-15-21N-1W, described in your September 16 letter was not drilled. The location was not approved for drilling by the Bureau of Land Management, and it was therefore necessary to change our drillsite location to Federal 31 #1.

Said Federal 31 #1 was drilled to a depth sufficient to test the Pictured Cliffs sandstone at 622 feet. The Pictured Cliffs sandstone contained salt water throughout the section, with no shows of hydrocarbons in drilling samples. Considerable fresh water was encountered in the Ojo Alamo sandstone at depths ranging from 150 to 390 feet. The City of Cuba expressed an interest in taking over the well, as a supplementary source to their critical water supply. We, therefore, requested time from the Bureau of Land Management and the U.S.G.S. to permit all concerned parties an adequate period for evaluating the Federal 31 #1 before plugging of same became necessary.

You will note from the enclosures that considerable time was spent on the part of our Company in an effort to transfer the well to the City of Cuba. We finally agreed with the U.S.G.S. Engineer's Office, Durango, Colorado (Carl Barrick), to plug the well from total depth of 622 feet to 396 feet, and to leave the Ojo Alamo section open from 396 feet to the base of the surface casing at approximately 94 feet. Therefore, the well is adequately plugged, and it will permit easy re-entry if and when the City assumes contractual operating control of the well.

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The enclosures hereto should be adequate for your record information. If we have unintentionally neglected any point, kindly advise us accordingly.

Very truly yours,

A handwritten signature in cursive script that reads "E. Alex Phillips". The signature is written in dark ink and is positioned below the typed name.

E. Alex Phillips

EAP:jm

Enc.