



Jerome P. McHugh & Associates
Operating Affiliate: **Nassau Resources, Inc.**
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May 16, 1991

FARMINGTON RESOURCE AREA
FARMINGTON, NEW MEXICO

RECEIVED
JUN 11 1991
OIL CON. DIV.
DIST. 3

Stephen Mason
Bureau of Land Management
1235 La Plata Highway
Farmington, NM 87401

RE: McHugh's No. 8 Apache, NW NE Section 20
Township 26 North, Range 3 West, Rio Arriba County, NM
Jicarilla Contract 98
BLM Reference Jic. Cont. 98 (WC), 3162.3-2 (019)

Dear Mr. Mason:

The subject well has been evaluated and it is believed the well has potential to produce additional gas from the Dakota formation if pumping equipment is installed. Also, recompletion potential is believed to exist in the Gallup formation.

Because of the existing gas prices, it is not economically feasible to install pumping equipment or to recomplete the well.

It is therefore requested that this well be approved for long term shut-in status for the following reasons:

1. The well is currently unable to buck line pressure.
2. The well is unable to produce in paying quantities under existing market conditions.
3. The well has potential to produce again if market conditions and/or line pressure change.

Please feel free to call me at 303 321-2111 for further information.

Sincerely,

Gary J. Johnson

Gary J. Johnson
Vice President of Production

GJJ:fp

THIS APPROVAL EXPIRES JUN 01 1992

