

## Memorandum

DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

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REPLY REFER TO:  
100 (016)

SEP 14 1983

OIL CON. DIV.  
Date:  
DIST. 3

SEP 12 1983

TO : District Manager, ADO (011)

FROM : Area Manager, FRA

SUBJECT: Request of Technical and Procedural Review, from  
Hixon Development Company

Attached is a copy of a letter received from Hixon Development Company requesting a Technical and Procedural Review, pursuant to 30 CFR 221.72, regarding instructions this office submitted to Hixon for remedial action to be taken on the No. 1 A.P. Hixon well located 1850' FNL and 880' FWL sec. 21, T. 25 N., R. 11 W., San Juan County, New Mexico, on Navajo Allotted lease NOO-C-14-20-5242. Also attached are copies of correspondence and well records which lead up to the case at hand.

The APD was received in this office March 16, 1983, and approved April 26, 1983. The well was spudded May 3, 1983, and surface casing set to 437' (KB) and cemented with 275 sacks of cement which was circulated to surface. Drilled out under surface and reached TD of 6026' on May 10, 1983, logged and ran casing. The casing was cemented with a total of 700 sacks of cement. On May 31, 1983, we wrote to Hixon requesting cement tops on the long string. On June 3, 1983, we received a Sundry Notice stating the TOC was at 3250', it is not stated as to whether this is a calculated figure or logged top. July 11, 1983, we received a Completion Report showing the well had been completed in the Dakota formation, (5894'-5880') and was accepted for record on July 19, 1983. On July 18, 1983, we received a Completion Report showing a completion in the Gallup formation (4976'-4992'). The well had been approved as a Basin Dakota well only. It was accepted for record on July 19. On July 22, 1983, we received notification from Hixon that the well was put on production July 16, 1983 for crude oil and associated gas. The Dakota completion shows it was completed June 3, 1983 and tested the same day, and the Gallup completion shows well completed June 3, 1983 and tested July 14, 1983. On July 22, 1983 this office assessed Hixon \$500.00 (\$250.00 for failure to report 1st production and \$250.00 for failure to receive approval to complete in another zone). On July 25, 1983 we received a Sundry Notice of Intent to test the Lower Gallup (4976'-4992'). On July 28, 1983, we received a Sundry Notice of Intent to test the Dakota "A" zone, which was approved August 1, 1983. (Perforation/completion of the Dakota was approved by approval of the APD). This Sundry was attached to a letter from Hixon attempting to explain when First Production took place and requesting a review of the \$250.00 assessment. This office did review the assessment and John Keller talked to Al Kuchera on the phone, regarding what First Production meant (that when first hydrocarbons were swabbed out of the well and retained to be sold). Kuchera admitted that they had swabbed some oil into a tank upon completion of the Dakota formation. No further action was taken. On August 3, 1983, we received a Subsequent Report of setting a bridge plug

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at 5260' and indicating the Dakota was S.I. waiting on pipeline.

On August 29, 1983, a letter was written to Nixon advising them that the TOC, as reported by them, was 3250' and that remedial cementing must be done to isolate formations. No other cement was reported behind the long string up to the surface. Formations left uncovered or not isolated from each other are: Menefee at 2800', Cliffhouse at 1668', Pictured Cliffs at 1313', and Fruitland coal at 1290', all of which are known to contain hydrocarbons in varying amounts throughout the San Juan Basin. Also the Fruitland coal should have coverage to protect it from damage as well as prevent recharge of the zone. In that letter we allowed 30 days in which to submit a proposal isolating the Mesaverde (Cliffhouse) from the Pictured Cliffs. The aforementioned letter from Nixon was received on September 7, 1983, requesting a review of the instructions. This office also received a call from Frank Chavez, NMOCB, in Aztec, bringing the lack of cement behind the casing to our attention.

It is the recommendation of this office that the review be denied and that Nixon Development Company be required to perforate the casing and squeeze cement across the top of the Mesaverde and Pictured Cliffs (50' below and 50' above the formation top) and to cover the Fruitland coal in its entirety. The reason for this recommendation is based upon the General Requirements that are attached to each APD approved in this office as follows:

Section 1. General, paragraph H: which requires approval prior to any variance from an approved APD, (i.e., completing the Gallup without approval). Paragraph K, same Section: Regarding Reporting of First Production.

Section 4. Casing and Cementing Requirements: All of this section in general and specifically paragraph B, regarding isolating zones that produce oil, gas, water, and coalbearing stratas.

Section 6. Reports: All of this Section. Nixon has been delinquent on many of their reports.

Inclosures

cc: NMOCB /

*R. Bringham*  
*Asst Area Manager*  
*Activity*

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