

J.K. EDWARDS ASSOCIATES, INC.

OIL & GAS PROPERTIES

1401 17TH STREET / SUITE 1400

DENVER, COLORADO 80202

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070 FARMINGTON, NM

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SEP 21 1994

September 8, 1994

OIL CON. DIV.
DIST. 3

Mr. Ken Townsend
United States Department of the Interior
Bureau of Land Management
Farmington District Office
1235 La Plata Highway
Farmington, New Mexico 87401

RE: No. 1 Nelson, NE/4 Section 8
No. 1 Frontier A, SE/4 Section 8
T26N-R12W
San Juan County, New Mexico

MINERAL SECTION	
ACM	<i>SA</i>
1 & 2 SPED	_____
SOLIDS	_____
FLUIDS & P	<i>2</i>
RES. MONT.	_____
FLUIDS 1 & 2	_____
EPG	_____
ALL SUPV.	_____
FILES	_____

Dear Mr. Townsend:

Per your letter of August 12, 1994 concerning the above referenced wells, we respectfully request a continued shut-in status for both wells.

In September of 1992, an Injection Permit Application was filed by BK Petroleum, Inc. for the No. 1 Nelson well. Merrion Oil and Gas objected to the application, which I believe was withdrawn. We would again seek to permit this well as an injection well, perhaps to the Dakota formation in lieu of the Gallup formation. A mechanical integrity test will be performed prior to year-end.

On February 17, 1994, we performed a mechanical integrity test prior to our acquiring the No. 1 Frontier A well. A copy of the mechanical integrity test is enclosed. It is our understanding that this well is capable of commercial production and will test its production capability. If it is not commercially productive, we will evaluate converting it to an injection well.

If you have any questions, please feel free to contact the undersigned.

Very truly yours,

J. Keith Edwards
J. Keith Edwards
President

JKE:kbn

THIS APPROVAL EXPIRES **SEP 01 1995**

APPROVED

fi **SEP 14 1994**
DISTRICT MANAGER

NMCCD