

OIL & GAS PROPERTIES
1401 17TH STREET / SUITE 1400
DENVER, COLORADO 80202
303/298-1400 FAX 303/298-0757

RECEIVED
RLM

070 FARRINGTON, NM

RECEIVED
SEP 21 1994

CHICAGO. DIV.
DIST. 3

MINERAL & OILS
ADM | *SA*
1.5 GALS _____
GALLONS _____
FLUID OIL *2* _____
PER GALT. _____
FLUID OIL _____

EP3 _____

ALL SUPV. _____
FILEB _____

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 Merrion Oil and Gas objected to the application, which I believe was withdrawn.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,

THIS APPROVAL EXPIRES **SEP 01 1995**

J. Keith Edwards
President

JKE : kbm

APPROVED

NAMC CD

SEP 10 1954
DISTRICT MANAGER