



United States Department of the Interior

MINERALS MANAGEMENT SERVICE

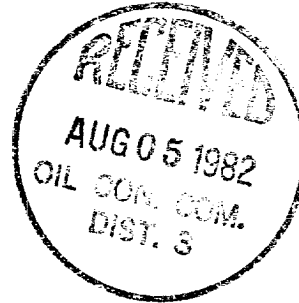
DISTRICT OIL AND GAS OFFICE

POST OFFICE DRAWER 600

FARMINGTON, NEW MEXICO 87401

August 3, 1982

New Mexico Oil Conservation Division
Attn: Mr. Jeff A. Edmister
1000 Rio Brazos Road
Aztec, New Mexico 87410



Gentlemen:

Reference is made to your letter of July 22, 1982, concerning Energy Reserves Group, Inc., well No. 122 Gallegos Canyon Unit, NW $\frac{1}{4}$ NW $\frac{1}{4}$ sec. 18, T. 28 N., R. 12 W., San Juan County, New Mexico, Federal lease No. Santa Fe 078106.

The subject well was drilled to a total depth of 5537 feet in 1962 and in 1967 it was plugged, by Sunray DX Oil Company, in accord with requirements in effect at that time. In 1976 this office granted approval to Energy Reserves Group, Inc., for re-entry of this well to a depth of 1500'. It was decided by this office not to require Energy Reserves Group, Inc., to bring the original plugging program up to present standards below the depth of their operations. In retrospect an additional plug at the bottom of the Pictured Cliffs formation would have been in accord with our decision and should have been required. We do not consider this deficiency as sufficient reason for requiring the operator to drill out and re-plug.

Sincerely yours,

Sue E. Umshler
for James F. Sims
District Oil and Gas Supervisor