

Mallon Oil Company

Denver/Colorado ♦ Durango/Colorado ♦ Carlsbad/New Mexico

a Mallon Resources Subsidiary

cl

May 17, 2000

Mr. Charlie Perrin
New Mexico Oil & Gas Conservation Division
1000 Rio Brazos Road
Aztec, New Mexico 87410

Re: Jicarilla 458-8 #10 Packer Test.
East Blanco Field
Rio Arriba County, NM

P- 8-30N-3W
30-039-25862



Dear Mr. Perrin,

In accordance with our conversation please accept this letter as written response to the delinquent packer test on the Jicarilla 458-8 #10. This well is completed in the Nacimiento and Ojo Alamo Formations and is set up as a dual completion. It was requested in accordance with the New Mexico Oil & Gas Conservation Division's rules and regulations that this well have a packer leakage test preformed within 30 days of first production. According to our records this test was never preformed which was outlined in a summary of 1999 packer tests sent to you on March 7, 2000. It was proposed to schedule this well into our 2000 packer testing schedule as soon as possible. I did not proceed with this test in lieu of our conversation about holding off on any future packer tests until the commingling issue was resolved. However, I am more than glad to perform this test immediately upon your request if necessary.

The Nacimiento Formation flows water and is presently shut in (SITP @ 780 psig). The Ojo Alamo Formation produces approximately 225 mcf/d and 70 bwpd (FTP @ 40 psig). It was proposed in our March 7, 2000 letter to perform a modified packer test on this well because the Ojo Alamo will log off if shut in. Due to the fact that the Nacimiento is the upper zone and will carry a higher shut in pressure than the Ojo Alamo, it is proposed to pinch back the Ojo Alamo flowing tubing pressure to approximately 100 psig, open the Nacimiento to flow (Dropping the FTP below that of the Ojo Alamo), then shutting the Nacimiento back in letting the pressure build up above the FTP of the Ojo Alamo again. This would create the higher pressure scenario above and below the packer as required. Please let me know if this testing procedure would be acceptable.

Sincerely,

John Zellitti
District Petroleum Engineer
(970-382-9100)

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Sincerely,



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(970-382-9100)

OK CTP
5-18-2000
START 5-19-2000



IN REPLY REFER TO:

Forestry

United States Department of the Interior

BUREAU OF INDIAN AFFAIRS

Jicarilla Agency

Dulce, New Mexico 87528

JAN 05 2000

MEMORANDUM

To: Realty Officer, Jicarilla Agency

From: Forest Manager, Jicarilla Agency

Subject: Damage Assessment for Energen Company

The Branch of Forestry has inspected the following proposed project areas and found there is sufficient woodland and commercial vegetation to be impacted by these projects to be of concern to the Branch of Forestry. Based on a cruise of the proposed sites, there is an estimated 33.8 cords of fuelwood and .7 Thousand Board Feet (MBF) of commercial timber that will require removal to accommodate the proposed activity. The current stumpage rate being charged for fuelwood by the tribe is \$10.00 per cord and \$185.93/MBF for commercial timber.

Forestry requests that the damage fees listed below be collected by the Branch of Realty along with any other damage assessments and other related fees. The Branch of Forestry would also like copies of documents showing that these fees were paid to the Tribe.

The following is a site by site summary of our findings:

<u>WELL NUMBER</u>	<u>FUELWOOD</u>	<u>COMMERCIAL TIMBER</u>	<u>AMOUNT</u>
Well 95 #1B & Associated Pipeline	5.9 cords	.7 MBF	\$ 59.00 \$130.15
Well 96 # 4A	1.3 cords		\$ 13.00
Well 115E #13R & Associated Pipeline	1.4 cords		\$ 14.00
Well 119N #10C & Associated Pipeline	21.3 cords		\$213.00
Well Jic West #8M & Associated Pipeline	3.9 cords		\$ 39.00