



United States Department of the Interior



BUREAU OF INDIAN AFFAIRS
NAVAJO AREA OFFICE

P. O. BOX 1060

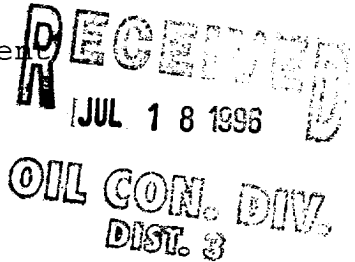
Gallup, New Mexico 87305-1060

IN REPLY REFER TO:

ARES/543

JUL 16 1996

New Mexico Energy, Minerals & Natural Resources Department
Mr. Frank T. Chavez
District Supervisor - Aztec District Office
1000 Rio Brazos Road
Aztec, New Mexico 87410



Dear Mr. Chavez:

We are most grateful for your cooperation and assistance in plugging a Navajo well #22-31 (a.k.a. #3) which is located on Navajo Tribal Lease No. 14-20-603-5024.

We also wish to thank you for replacing the valve on the wellhead of Well #31 which was leaking saltwater which is also located on this lease.

Your letter of July 8, 1996 mentioned that you were enclosing the plugging procedure, a copy of the plugging company's invoice and other documents for our file. These enclosures were not with your letter. We ask that this information be provided for our records.

As we agreed, we will be sending you a check, under separate cover, in the amount of \$15,000 payable to "New Mexico Oil and Gas Reclamation Fund". These proceeds were collected from a surety bond on file for Pajarito Tract 20 Associates. Pajarito Tract 20 Associates had sold their interest to Vista Resources but this conveyance was never approved by this office because of the lack of bonding for Vista.

We understand that you will be placing the other three wells located on this lease into your regular plugging program and they will be plugged when the plugging fund has been replenished.

We received a letter dated June 21, 1996, copy enclosed, from Jim Walker, Environmental Engineer, with U. S. EPA, Region IX, and he requested a copy of the plugging plan for Well #20-2, which is an injection well. He also requested that they be notified at least two weeks in advance of plugging this well so that a representative can arrange to witness the plugging operations.

It is our understanding that Bill Blackard with the Bureau of Land Management (BLM), Farmington District Office, has already provided a copy of the plugging plan to Mr. Walker for his review. Mr. Blackard also advised us that he will be glad to provide advance notification to Mr. Walker.

We were also requested to advise David Burbank, a member of the Navajo Grazing Committee, of the plans for the plugging of these wells. We will send a letter to Mr. Burbank and provide an update of this situation.

Again, we sincerely appreciate your cooperation and assistance in this matter.

Sincerely,


Acting Area Director

Enclosure