



PHILLIPS PETROLEUM COMPANY

FARMINGTON, NEW MEXICO 87401
5525 HWY. 64 NBU 3004



January 3, 2000

NM Oil & Gas Conservation Division
Attn: Charlie T. Perrin
000 Rio Brazos Road
Aztec, NM 87410

San Juan 32-8 #49
A, 15, T32N, R8W; API- 30-045-25394

Dear Mr. Perrin:

The subject well failed the Packer Leakage Test performed the latter part of November and since this well is located on the BLM's winter closure area we will have to remediate the well after April 1, 2000. As per our conversation on December 27, 1999, this letter is to inform the OCD that Phillips will schedule the work to begin right after the closure is lifted. Once the well has been remediated we will retest the well to show separation of the two zones.

Please call me at 599-3448 to let me if you will grant us another month to review the data on this well and have the work completed.

Sincerely,

Jim Kennedy

PHILLIPS PETROLEUM COMPANY

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Jim Kennedy
Well Tester