

Hallwood Petroleum, Inc.4582 South Ulster Street Parkway - Stamford Place III - Suite 1700 - Post Office Box 378111
Denver, Colorado 80237 - (303) 850-7373RECEIVED
BLM

97 JUL 21 PM 1:26

070 FARMINGTON, NM

July 17, 1997

Bureau of Land Management
Farmington District Office
1235 LaPlata Highway
Farmington, New Mexico 87401

CERTIFIED MAIL NO. P 212 222 105

Attention: Wayne Townsend

RE: USA #1
812' FSL & 804' FEL
Section 24-T32N-R13W
San Juan County, New Mexico

MINERAL RESOURCES	
ADM	1
NATV AM MIN COORD	
SOLID MIN TEAM	
PETRO MGMT TEAM	2
O & G INSPECT TEAM	
ALL TEAM LEADERS	
LAND RESOURCES	
ENVIRONMENT	
FILES	

Gentlemen:

This letter is in response to your May 30, 1997 letter (copy attached) concerning the temporary abandonment and positioning of plugs in the captioned well. Hallwood did not contact the BLM prior to setting these plugs and we apologize for this oversight on our part.

As discussed in our telephone conversations of July 8, 1997, it was Hallwood's understanding that the Gallup formation top was at 4855' as indicated on the originally BLM-approved completion report dated December 19, 1980 (See Attachment #2). The current staff has indicated that the Gallup top is at 5813'. The shallower (4855') depth seemed reasonable to Hallwood as scout cards list the Gallup top at 3792', 4855' and 5233' in the surrounding Sections 13, 14 and 23 and many of the zones are "ramping-up" quickly in this well's vicinity.

The CIBP was set at 4450' and capped with 50' of cement to plug off the Mesa Verde perforations (4574-4696'), to be above the DV tool at 4844', and because a Dakota plug was set just 2264' down the hole at 6714' and capped with 50' of cement.

This well was drilled in 1980 and the 4 1/2" production casing was cemented in a three-stage job with 1645 sacks of cement. Thus, the cement sheath on the exterior of the casing is nearly continuous from 0-6995'.

Control Number: 015380

POINT OF DISPOSITION AND WELL COMPLETION INFORMATION

OGRID: 014538 Operator Name: MERIDIAN OIL INC
801 CHERRY ST

FORT WORTH

TX 76102

C-115 Filer Contact Name: _____

Phone: () FAX: ()

POD: 1521810 Product Type: OIL

Facility Type: 03

Location: C 09 30N 13W County SAN JUAN

OGRID Name

OGRID Name

Authorized Transporter(s): 014546 MERIDIAN OIL INC.

Description of POD (40 characters or less): _____

POD: 1521830 Product Type: GAS

Facility Type: 01

Location: C 09 30N 13W County SAN JUAN

OGRID Name

OGRID Name

Authorized Transporter(s): 007057 EL PASO NATURAL GAS COMPANY

Description of POD (40 characters or less): _____

POD: 1521850 Product Type: WATER

Facility Type: 05

Location: C 09 30N 13W County SAN JUAN

Description of POD (40 characters or less): _____

WELL COMPLETIONS

Code Pool Name

Code Producing Property Name

API Well No.

Location

Well

71599 BASIN DAKOTA (PRORATED GAS)

007300 MCCORD

30-045-26112 C 09 30N 13W 011E

Bureau of Land Management
July 17, 1997
Page 2

With regard to the deeper Gallup top of 5813' and the interval from 4450-5813', there is little if any porosity development from 5813' up to almost 5000'. Then porosity is poorly developed until 4700' where the productive Mesa Verde zone is with "cross-over" porosity.

Hallwood believes that a drill out of the plug at 4450' and setting of a plug at 5813' would not improve the integrity of the current plugback and would simply be a waste of money. This is in part due to the lack of Gallup porosity development and also in a greater sense due to the fact that there is no Gallup production in the immediate area of the USA #1. Since there is no offset Gallup production, there should not be any potential for pressure drawdown on future fluid movement. Based on this position, we would like to request a variance of the "typical" Gallup plugging procedure.

With regard to the need for a plug at the Mesa Verde top at 3790' (660' above the current middle plug and 940' below the current uppermost plug), we again request a variance to the requirement of a plug at the exact top of the Mesa Verde. The upper portion of the Mesa Verde (from 3790' - approximately 4400') does not produce in any of the direct offsets and is effectively isolated in the USA #1 well by the cement on the exterior of the casing.

The uppermost CIBP was set at 2850' and capped with 50' of cement. This plug was located at this depth to be just above the Chacra formation (top at 2920') and 80' above the interval where we located and repaired a casing leak (2930-60').

Again, we now realize that we should have contacted the BLM for plugback approval and re-determination of the formation tops and plug locations. However, we believe that the well (USA #1) in its current status is adequately plugged from 2850' to 7000' with the three (3) plugs in place at 2850', 4450' and 6714' to prevent any future problems. Thus, we request that you please reconsider having us drill out two (2) plugs to re-position each of them approximately 1000' further down the well.

With regard to the future status of this well, Hallwood would like to utilize this well as a Fruitland Coal pressure monitoring well. This is due to the substantial acreage position Hallwood has in the immediate area and our ongoing study of the Fruitland Coal, well performance, bottomhole pressures and gas reserves.

Control Number: 015379

POINT OF DISPOSITION AND WELL COMPLETION INFORMATION

OGRID: 014538 Operator Name: MERIDIAN OIL INC
801 CHERRY ST

FORT WORTH

TX 76102

C-115 Filer Contact Name: _____

Phone: () _____

FAX: () _____

POD: 1521710 Product Type: OIL Facility Type: 03

Location: N 03 30N 13W County SAN JUAN

OGRID Name

OGRID Name

Authorized Transporter(s): 014546 MERIDIAN OIL INC.

Description of POD (40 characters or less): _____

POD: 1521730 Product Type: GAS Facility Type: 01

Location: N 03 30N 13W County SAN JUAN

OGRID Name

OGRID Name

Authorized Transporter(s): 007057 EL PASO NATURAL GAS COMPANY

Description of POD (40 characters or less): _____

POD: 1521750 Product Type: WATER Facility Type: 05

Location: N 03 30N 13W County SAN JUAN

Description of POD (40 characters or less): _____

WELL COMPLETIONS

Code Pool Name

Code Producing Property Name

API Well No. Location Well

71599 BASIN DAKOTA (PRORATED GAS)

007300 MCCORD

✓ 30-045-26747 N 03 30N 13W 014E

Bureau of Land Management
July 17, 1997
Page 3

In order to make this well into a pressure monitoring well, Hallwood proposes the following procedure:

1. Set a 4 1/2" CIBP at 2375' (above the DV tool at 2404') and cap with 50' of cement.
2. Perforate the Basal Fruitland Coal interval at 2080-2110' with 4 spf.
3. Breakdown perforations above with 100 bbls of slickwater.
4. Swab back water to clean-up.
5. Remove tubing from well.
6. Obtain dip-in (one hour on bottom) mid-perforation pressures on a monthly basis for at least 24-36 months.

Hallwood believes this pressure data would be useful to obtain on the Fruitland Coal in Section 24 and of course would make this data available to the BLM.

Please review our request and attachments and contact me with any additional concerns you have or information you require.

Sincerely,

HALLWOOD PETROLEUM, INC.



Kevin E. O'Connell
Drilling & Production Manager

KEO/jev

Attachments

cc: Nonya Durham
Jim Bonaventura
Well File

KEO97.056

Control Number: 015378

POINT OF DISPOSITION AND WELL COMPLETION INFORMATION

OGRID: 014538 Operator Name: MERIDIAN OIL INC
801 CHERRY ST

FORT WORTH

TX 76102

C-115 Filer Contact Name: _____

Phone: () _____

FAX: () _____

POD: 1521610 Product Type: OIL Facility Type: 03 Location: 0 23 28N 10W County SAN JUAN

OGRID Name

OGRID Name

Authorized Transporter(s): 014546 MERIDIAN OIL INC.

Description of POD (40 characters or less): _____

POD: 1521630 Product Type: GAS Facility Type: 01 Location: 0 23 28N 10W County SAN JUAN

OGRID Name

OGRID Name

Authorized Transporter(s): 021924 SUNTERRA GAS GATHERING COMPANY

Description of POD (40 characters or less): _____

POD: 1521650 Product Type: WATER Facility Type: 05 Location: 0 23 28N 10W County SAN JUAN

Description of POD (40 characters or less): _____

WELL COMPLETIONS

Code Pool Name

Code Producing Property Name

API Well No.

Location

Well

71599 BASIN DAKOTA (PRORATED GAS)

007297 MCCLANAHAN A

30-045-25885 0 23 28N 10W 002E

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

SUBMIT IN DUPLICATE*

(See other In-
structions on
Reverse side)FORM APPROVED
OMB NO. 1004-0137
Expires: February 28, 1995

5. LEASE DESIGNATION AND SERIAL NO.

SF-078818-A

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME

8. FARM OR LEASE NAME, WELL NO.

USA #1

9. API WELL NO.

30-045-24023

10. FIELD AND POOL, OR WILDCAT

Blanco-Mesa Verde

11. SEC., T., R., M., OR BLOCK AND SURVEY
OR AREA

P Section 24-T32N-R13W

12. COUNTY OR
PARISH

San Juan

13. STATE

NM

WELL COMPLETION OR RECOMPLETION REPORT AND LOG 83

1a. TYPE OF WELL:

OIL
WELL ☐GAS
WELL ☒DRY ☐Other ☐

b. TYPE OF COMPLETION:

NEW
WELL ☐WORK
OVER ☐DEEP-
EN ☐PLUG
BACK ☐DIFF.
REVR. ☒Other ☐

2. NAME OF OPERATOR

Hallwood Petroleum, Inc.

3. ADDRESS AND TELEPHONE NO.

P. O. Box 378111, Denver, CO 80237 (303) 850-6257

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements)*

At surface

812' FSL & 804' FEL

At top prod. interval reported below

Same

At total depth

Same

14. PERMIT NO.

DATE ISSUED

15. DATE SPUDDED

6/20/80

16. DATE T.D. REACHED

7/10/80

17. DATE COMPL. (Ready to prod.)

10/13/97

18. ELEVATIONS (DF, RKB, RT, GR, ETC.)*

5936' KB 5925' GR

19. ELEV. CASINGHEAD

5925'

20. TOTAL DEPTH, MD & TVD

7000' MD

21. PLUG, BACK T.D., MD & TVD

2325'

22. IF MULTIPLE COMPL.,
HOW MANY*

No

23. INTERVALS
DRILLED BY

ROTARY TOOLS

X

CABLE TOOLS

24. PRODUCING INTERVAL(S), OF THIS COMPLETION—TOP, BOTTOM, NAME (MD AND TVD)*

Monitor Well

25. WAS DIRECTIONAL
SURVEY MADE

No

26. TYPE ELECTRIC AND OTHER LOGS RUN

27. WAS WELL CORRED

No

28. CASING RECORD (Report all strings set in well)

CASING SIZE/GRADE	WEIGHT, LB./FT.	DEPTH SET (MD)	HOLE SIZE	TOP OF CEMENT, CEMENTING RECORD
8.625	23	312'	12.25	225 SXS
4.500	10.5	6995'	7.875	1645 SXS
CIBP		6714'		50' cap
CIBP		4450'		50' cap

29. CIBP

LINER RECORD 2375'

360' cap

TUBING RECORD

SIZE	TOP (MD)	BOTTOM (MD)	SACKS CEMENT*	SCREEN (MD)	SIZE	DEPTH SET (MD)	PAID SET (MD)

31. PERFORATION RECORD (Interval, size and number)

Fruitland Coal
2080-2110' 4 spf 120

32. ACID, SHOT, FRACTURE, CEMENT SQUEEZE, ETC.

DEPTH INTERVAL (MD)	AMOUNT AND KIND OF MATERIAL USED
2080-2110'	80 bbls of slick 20#

33.*

PRODUCTION

DATE FIRST PRODUCTION 10/13/97		PRODUCTION METHOD (Flowing, gas lift, pumping—size and type of pump) Monitoring well				WELL STATUS (Producing or shut-in) SI	
DATE OF TEST N/A	HOURS TESTED N/A	CHOKE SIZE N/A	PROD'N. FOR TEST PERIOD →	OIL—BBL. ---	GAS—MCF. ---	WATER—BBL. ---	GAS-OIL RATIO ---
FLOW, TUBING PRESS. ---	CASING PRESSURE ---	CALCULATED 24-HOUR RATE →	OIL—BBL. ---	GAS—MCF. ---	WATER—BBL. ---	OIL GRAVITY-API (CORR.) ---	

34. DISPOSITION OF GAS (Sold, used for fuel, vented, etc.)

Monitoring well

35. LIST OF ATTACHMENTS

36. I hereby certify that the foregoing and attached information is complete and correct as determined from all available records

SIGNED

Nonya K. Durham

TITLE Production Reporting Supervisor

FARMINGTON DISTRICT OFFICE

*(See Instructions and Spaces for Additional Data on Reverse Side)

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.