

XC: CRADDOCK
FRASER



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Farmington District Office
1235 La Placa Highway
Farmington, New Mexico 87401

IN REPLY REFER TO:

14-08-001-2898 (CA)
3105 (07327)

MERIDIAN OIL

FARMINGTON, NEW MEXICO
REGULATORY

JUN 7 1994

CERTIFIED-RETURN RECEIPT REQUESTED
Z 777 608 612

Ms. Peggy Bradfield
Meridian Oil Incorporated
P. O. Box 4289
Farmington, NM 87499

Dear Ms. Bradfield:

We have received your Form 3160-5 sundry notice dated March 25, 1994 concerning the integrity of the wellbore for the No. 3 Cornell located in the SE $\frac{1}{4}$ SW $\frac{1}{4}$ Sec. 12, T. 29 N., R. 12 W., Federal Lease SF-076465. Since the subject well ceased production in March of 1989, and realizing the economic constraint of a high line pressure the terms of the communitization agreement (CA) still require that the No. 2 Payne well be capable of producing in paying quantities.

In a letter dated December 28, 1993, the Bureau of Land Management requested that you submit by February 28, 1994, adequate well test data showing that it is capable of production in paying quantities. No data has been submitted that convinces us of the well's current economic capabilities.

By September 6, 1994, please submit well test data demonstrating that the No. 2 Payne is capable of producing in paying quantities from the Pictured Cliffs formation. Failure to do so will leave us no alternative than to terminate CA 14-08-001-6067.

If you have any questions, please contact Joe Hewitt at the above address or phone (505) 599-6365.

Sincerely,

Ray Hays

Duane W. Spencer
Chief, Branch of Reservoir Management