

AMERADA HESS CORPORATION

*pay*

INTEROFFICE CORRESPONDENCE

TO: Tom Loughlin

MEMO NO.:

FROM: Rob Williams


DATE: April 15, 1992

SUBJECT: Chevron USA Kutter B #4

Chevron USA has elected to pay the \$80,000 penalty on the Chevron Kutter B #4 (NMGSAU #1206) in lieu of attempting to repair deteriorated casing and wellhead. They plan to P & A the well and expect the unit charge. Please bill them accordingly.

Contact John Prindle, Manager, NOJV (915-687-7340) or his secretary, Cindy Salivar, regarding this property.

Also, Phillips Petroleum has reconsidered and decided to submit the Phillips Land Office #1 as a demand well. As discussed over the phone, Phillips will not be liable for the penalty unless AHC, as unit operator, cannot make the wellbore "useable" as required by the Unit Operating Agreement. This well has been previously listed as a "Demand Well with Dual Completion" and requires a production liner for Grayburg/Eumont zone isolation.



xc: Les Frick - Financial Controls/Joint Venture  
Joe Shirley  
David Ricks  
Eric Haas  
Jeff Uecker  
Al Young  
Roy Wheeler