

D I N E R O

P.O. DRAWER 10505

MIDLAND, TEXAS 79702

October 11, 1990

RECEIVED

PHONE 915/684-5544

OCT 15 '90

O. C. D.
ARTESIA, OFFICE

Mr. Mike Williams
New Mexico Oil Conservation Division
District II
P. O. Drawer DD
Artesia, New Mexico 88210

RE: Hanagan Union Federal 15 #1 Now Known as
Dinero Operating Company Union Federal 15 #1
Located SW/4 SE/4 Section 15, T-21-S, R-25-E,
Eddy County, New Mexico

Dear Mike:

Pursuant to our telephone conversation, this letter is to set out in writing the facts known to me. Hanagan Petroleum Company drilled the above referenced well to test the Delaware formation. Total depth of the well is approximately 3,000'. Casing was set in the well; 5 1/2" casing set and cement circulated to the surface. Subsequently, the well was perforated in the Brushy Canyon formation, and then in the Cherry Canyon formation, but no production was achieved.

Dinero Operating Company has made an agreement with Hanagan Petroleum Company to take over the above referenced well, and convert it to a salt water disposal well. This has been approved by the Oil Conservation Division in Santa Fe, New Mexico, and the Bureau of Land Management out of Carlsbad. We have put up a \$7,000.00 Plugging Bond on this well. This well is located on Bureau of Land Management lands.


In visiting with you, it was determined that an OCD bond for plugging would not be needed. I have been informed by Hanagan Petroleum Company that they had this well listed on their blanket plugging bond. They should have this well deleted. They have no more liability or responsibility in the plugging of this well. Since Dinero has a bond in place at the Bureau of Land Management, we have assumed the responsibility of plugging.

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If you have any questions regarding this matter, please feel free to contact me, as I would like to resolve it.

Sincerely,

DINERO OPERATING COMPANY


James C. Dewey
Land Manager

JCD:lgp