

**DINERO**  
**P. O. DRAWER 10505**  
**MIDLAND, TEXAS 79702**

PHONE 815/684-4292

RECEIVED

February 24, 1982

FEB 26 1982

New Mexico Conservation Division  
P.O. Box 2088  
Santa Fe, New Mexico 87501

O. C. D.  
ATTN: OFFICE

Attn: Joe Ramey

Gentlemen:

It is our understanding under the N.G.P.A. regulations, in order to determine the highest emergency price which we may be entitled to receive for our gas, that we should provide all the information possible to you and your office. In that vein, we are enclosing a copy of a letter addressed to the State of New Mexico, Oil Conservation Division, to the attention of Mr. Bill Gressett, which explains our problem as of that date.

To further elaborate, we were able to get tied into the El Paso Natural Gas system and are producing at a rate of approximately 7.5 million cubic feet per day. The flowing casing pressure has declined to approximately 1800#. It is our feeling and the opinion of the blow-out control experts, who were retained to help us, that the flowing casing pressure should come down to 1200# - 1500# with an appreciable build up time when the well is shut in before we attempt to kill it by bull-heading into the annulus.

At the present time we do have everything under control. All of the well surface equipment is tight and safe. The gas is flowing through 4½" flow lines into a 20 million cubic foot capacity National Stack Pack treater and is being metered by El Paso.

It is our intention to attempt to kill the well at the earliest, safe time and resume drilling to the Morrow formation which was the original objective. We do believe that once we get the bit and drill pipe back on bottom and the mud conditioned, we shall have no further problems attaining that objective.

Our mud system at the time of the gas blow was heavy enough. We were, in fact, over-balanced. The only way that we can account for our problem was that the gas was swabbed in during the bit trip. It is possible that the hole might not have been kept full during that time, however, we had automatic fill-up equipment on the hole but it might not have been working properly.

The well is currently flowing from the Atoka formation which does produce from two other wells in the same area, our Big Chief #2 and Big Chief #3. These wells were certified under the N.G.P.A. price schedule as 102 wells and we would like to so certify this well on an emergency basis as a 102 well, also.