



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Farmington Field Office
1235 La Plata Highway, Suite A
Farmington, New Mexico 87401

IN REPLY REFER TO:
Acid Gas Injection Project

September 29, 2010

Mr. Alberto A. Gutierrez
Geolex Incorporated
500 Marquette Avenue NW, Suite 1350
Albuquerque, New Mexico 87102

RCVD SEP 30 '10
OIL CONS. DIV.

Dear Mr. Gutierrez:

DIST. 3

30 045 35172

Reference is made to your letter dated September 16, 2010 and associated attachments regarding the Acid Gas Injection Project (AGI). The results appear to be somewhat equivocal in that the neutron-density log does exhibit some gas effect in the upper Entrada but the mud log and core did not exhibit even trace amounts of hydrocarbons. A possible explanation for these differences is the apparent high formation permeability exhibited by the invasion profile in the upper Entrada and the unusually high formation porosity and associated water saturation in the Entrada formation. The combination of the high permeability and porosity could be a possible reason for the apparent hydrocarbon signature on the neutron-density log.

Since there was no hydrocarbons detected using gas chromatography in the mud logs and because the actual cores taken did not exhibit the presents of hydrocarbons, we concur with your findings that no recoverable hydrocarbons are present in the Entrada Formation at this location. As such, The Bureau of Land Management does not have a jurisdictional position in the subject Entrada AGI well.

If you have any questions regarding the above, please contact me at (505) 599-6367.

Sincerely,

Jim Lovato
Senior Technical Advisor
Petroleum Management Team

cc:
NMOCD, Aztec