



STATE OF NEW MEXICO  
**ENERGY AND MINERALS DEPARTMENT**  
OIL CONSERVATION DIVISION  
AZTEC DISTRICT OFFICE

GARREY CARRUTHERS  
GOVERNOR

1000 RIO BRAZOS ROAD  
AZTEC, NEW MEXICO 87410  
(505) 334-6178

April 24, 1987

Mr. Jack Cayias  
Minel, Inc.  
309 Washington S.E.  
Albuquerque, NM 87108

Re: NZ #2 A-01-25N-3W

Dear Jack:

After reviewing your production reports, we have found that the referenced well is overproduced by 17,238 barrels as of the end of March. We initially anticipated that you would have a much higher allowable than was assigned on the basis of your excess GOR. In allowing the make-up of overproduction, we do not like to exceed six months. Therefore, the amount of underproduction that will be necessary to compensate for your overproduction should be 2500 barrels per month.

You have not yet responded to letters from Sarah Archuleta of our Santa Fe office concerning reporting errors. Your failure to respond to her letters will lead to cancellation of your allowables on the affected wells.

Finally, you are responsible for filing C-111's for the gas that you have been delivering to the pipeline from your own gathering system since March of 1986.

Sincerely,

Frank T. Chavez  
District Supervisor

FTC/dj

xc: Well File  
Operator File