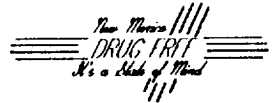




STATE OF NEW MEXICO

ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
AZTEC DISTRICT OFFICE



BRUCE KING
GOVERNOR

ANITA LOCKWOOD
CABINET SECRETARY

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

March 16, 1992

Robert G. Flesher
Phillips Petroleum Company
5525 US HWY #64 NBU #3004
Farmington, NM 87501

Re: San Juan 32-8 Unit wells, # 36 G-25-32N-08W, #37 I-23-32N-08W,
#41 F-23-32N-08W

Dear Mr. Flesher:

The decision has been made by this office to reverse the classification on the referenced wells to their original designation of Los Pinos, North Fruitland Sand. The reversal is based on the evidence that was presented at the conclusion of the 30 day investigation, from the core that Meridian presented at the meeting of March 13th at their Farmington office. The core data indicates that the sand in question doesn't appear to be marine by it's angular to sub-angular sands, absence of burrowing organisms and only traces of glauconite. Questions were also raised and left unanswered by presentations by both Phillips and Meridian of their respective interpretation from cross sections through the area. Other data such as gas, water and pressure analysis is inconclusive.

To effect the change Phillips will submit new C-104s for each well changing the pool back to the original designation.

If you have any questions, please contact me.

Your's truly,

Ernie Busch
District Petroleum Geologist

cc: Frank D. Gorham III-PWG Partnership
Kirk Czirr-Phillips Petroleum Company
Duanne Spenser-BLM Farmington
Bill Hobbs-Meridian Oil Inc.
Richard Fraley-Meridian Oil Inc.
Alan Alexander-Meridian Oil Inc.
Tommy Nusz-Meridian Oil Inc.