



December 15, 1987

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O. C. D.
ARTESIA, OFFICE

State of New Mexico
Energy and Minerals
Oil Conservation Division
Artesia District Office

Attention: Mike Williams
Oil & Gas Inspector

Re: Nix-Yates #1
Unit G 2-225-27E
Eddy County, N.M.

Dear Mr. Williams:

The subject well is a dual Wolfcamp-Morrow gas producer. The Morrow zone has been off production since 1982. The well loaded up with water and required monthly swab jobs to re-establish production. Due to the severe pipeline curtailment and low productivity of the Morrow zone in this well, it was shut-in and the Wolfcamp produced. Each year a packer leakage test was run and submitted even though the Morrow was shut-in except for the flow periods during the test.

A packer leakage test on the subject well was started this year, but it soon became evident that the zones were communicated, probably due to a packer leak or tubing leak. As a result of this, attached is Form C-103 with a recommended procedure to repair the problem down hole, restore the Wolfcamp to production, and temporarily abandon the Morrow. It is preferable to temporarily abandon the Morrow at this time and not plug out the zone because there is always the possibility that the pipeline curtailment could be lifted and/or gas prices improve to the point that remedial work to restore the Morrow to production will be economically justifiable.

Since the Wolfcamp zone does not normally produce any water, if there is a re-occurrence of any problem down hole, it will become evident through a