

basin fuels, limited

SUITE 300 - 300 W. FARMINGTON, FARMINGTON, NEW MEXICO 87401
P. O. Box 50

RECEIVED
BLM MAIL ROOM

88 DEC 27 PM 1:36 PHONE (505) 325-1702

December 22, 1988

U. S. Department of the Interior
Bureau of Land Management
Farmington Resource Area
900 La Plata Highway
Farmington, New Mexico 87401

FARMINGTON RESOURCE AREA
FARMINGTON, NEW MEXICO

BLM - FRA	
AM	AAM
ADMIN.	PAO/VOL.
NAV AFF	RANGER
P & EC	TEST SITE
SP AGT	HZ. MAT
BRANCH L& RP	
BRANCH MINERALS	3
ALL SUPV	ALL EMPL
LES	

Re: NM-0555838-A (WC)
3162.3-2 (019)

Attn: James E. Edwards, Jr.

Gentlemen:

We are in receipt of your inquiry concerning the above referenced matter.

We have reviewed our well files of the subject well and have ascertained that we were in error in reporting a hole in the casing on our monthly Report of Operations (Form 3160-6). Our records show a hole in the tubing, not the casing.

This well was a marginal producer of oil when the hole in the tubing developed, having made only 21 barrels during the last month that it was on production. However, the well consistently made in excess of One Hundred Thousand cubic feet of gas per day (100 MCFPD) while it was in production, which gas was used to operate pumping equipment and separators on the lease.

The nearest market for the gas is Gas Co. of New Mexico's main line to Albuquerque, approximately four and one-half miles distant. At current gas prices it is not economical to construct the necessary pipeline to market the gas.

We hereby request that this well be placed in inactive status until such time as oil and gas prices increase to the point where it is once again economical to produce the same.

Very truly yours,

BASIN FUELS, LTD.

By: Joel B. Burr, Jr.

THIS APPROVAL EARL 1989

JBB/m

MINERALS BRANCH	
BRANCH CHIEF	CR
SOLIDS	
FLUIDS D&P	2
FLUIDS I&E	
FSM	
I & E-E	
I & E-W	
ALL SUPV	
FILES	

James E. Edwards, Jr.