

Hixon Development COMPANY

September 14, 1988

Ron Fellows
Area Manager
Bureau of Land Management
Farmington Resource Area
1235 La Plata Highway
Farmington, New Mexico 87401

Subject: Carson Unit Wells
SF-078064 et. al. (WC)
3162.3-4 (019)

Dear Mr. Fellows:

The intents to plug and abandon the seven wells addressed in your August 15, 1988 letter were submitted by Shell Oil from 1975 to 1977 who, as operator at the time, had adopted a massive plugging program in the Carson unit due to the low price of oil. Hixon Development Company purchased the Carson Unit on May 1, 1982 and assumed operatorship. Since that time the Unit has produced 180,651 barrels of oil and 182,259 mcf of casinghead gas from the Bisti Lower Gallup.

The Carson Unit has 4.8 million barrels of remaining recoverable oil. This unit has been actively waterflooded since 1962. To recover these remaining reserves it is critical that all existing wellbores be kept available for use as injection and/or producing wells. Future waterflooding and enhanced recovery operations are dependent on use of all available wellbores. To plug any wells in the unit would mean the loss of recoverable hydrocarbons and result in the loss of revenue to the producer and royalties to the Federal Government.

We are currently making an in-depth study of the Carson Unit's waterflood and production operations. Included in the study are future plans to return additional wells to production and injection as the price of oil increases.

In addition to the waterflood study, we are also initiating a study of the Fruitland Coal in the Unit. This study is the first step in evaluating the Unit's untapped coal gas potential. The study will be followed by extensive testing of the Fruitland Coal using existing wellbores in the Unit.

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|----------------|-------|
| MINERAL BRANCH | |
| BRANCH CHIEF | _____ |
| SOLIDS | _____ |
| FLUIDS DSP | _____ |
| FLUIDS ISE | _____ |
| FSM | _____ |
| IR E-E | _____ |
| IR E-W | _____ |
| ALL SUBV | _____ |
| FILED | _____ |

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DIST. 3

John R. Kelly

SEP 14 1988

for

FARMINGTON

S.I.

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Hixon Development Company does not wish to plug the seven addressed wells and requests that the wells be kept in a shut-in status to allow them to be utilized in future production operations. ~~Cancel Intentions to P&A~~

Please contact the undersigned at (505) 326-3325 if you have any questions.

Sincerely,

Bruce E. Delventhal

Bruce E. Delventhal
Vice President - Operations

BED/das

✓ 1. ^{J-} Sec. 33-13 Carson Unit, NE/4SE/4 sec. 13, T. 25 N., R. 12 W.,
San Juan County, New Mexico, lease SF-078084, Intention to Abandon approved
August 20, 1977.

✓ 2. ^{O-} Sec. 34-24 Larson Unit, SW/4SE/4 sec. 24, T. 25 N., R. 12 W.,
San Juan County, New Mexico, lease SF-078064, Intention to Abandon approved
October 6, 1977.

✓ 3. ^{O-*} Sec. 34-14 Larson Unit, SW/4SE/4 sec. 14, T. 25 N., R. 12 W.,
San Juan County, New Mexico, lease SF-078067, Intention to Abandon approved
October 14, 1975.

✓ 4. ^{M-} Sec. 14-14 Carson Unit, SW/4SE/4 sec. 14, T. 25 N., R. 12 W.,
San Juan County, New Mexico, lease SF-078067, Intention to Abandon approved
October 14, 1975.

✓ 5. ^G Sec. 32-15 Carson Unit, SW/4SE/4 sec. 15, T. 25 N., R. 12 W.,
San Juan County, New Mexico, lease SF-078022, Intention to Abandon approved
October 1, 1975.

✓ 6. ^{I-} Sec. 43-15 Carson Unit, NE/4SE/4 sec. 15, T. 25 N., R. 12 W.,
San Juan County, New Mexico, lease SF-078022, Intention to Abandon approved
October 1, 1975.

✓ 7. ^{K-} Sec. 23-19 Carson Unit, NE/4SE/4 sec. 19, T. 25 N., R. 11 W.,
San Juan County, New Mexico, lease SF-078062, Intention to Abandon approved
October 4, 1977.