



BRUCE KING
GOVERNOR

LARRY KEHOE
SECRETARY

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

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

April 4, 1979

Mr. Bill Armstrong
Minerals Department
The Navajo Tribe
P. O. Box 146
Window Rock, Arizona 86515

Re: Navajo Tract 4 #1
C-20-27N-17W
San Juan County, New Mexico

Dear Mr. Armstrong:

On Monday, April 2, Mr. Charles Gholson from our office and I accompanied Mr. Alfred Peaches from your office on a field inspection of the subject well. There were indications on the wellhead and location that the well had been produced. The flowline from this well went across country and tied into the gas line from the Staver Navajo #1 in Section 34, Township 27N, Range 18W. We could see no provisions for a meter on the line so that gas produced from the well could not be accurately accounted for.

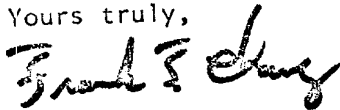
Our next step is to find witnesses or records which attest or deny that the well was produced. We will gladly supply to you copies of such testimony and records if you feel they will be helpful to you.

Secondly, the well is overdue for a packer test. Such a test is run annually to determine that there is no communication between separate producing intervals. This is very important in that such communication can cause formation damage, loss of valuable lifting pressure, and the permanent loss of valuable products downhole. As we discussed, preventing this type of waste is essential in protecting our natural resources. From the field inspection and from past records, it seems that measuring the pressure on the tubing and annulus may be sufficient to determine separation at this time. If the pressures are inconclusive, a short period of flow to the atmosphere may be necessary. As the Tribe is the owner of the well, we would like to have a representative from your office present to witness the test and your office will be supplied a copy of the results.

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We sincerely appreciate your assistance thus far in this matter, and we hope that we can work closely at this level in the future to prevent the waste of our resources.

Yours truly,

A handwritten signature in dark ink, appearing to read "Frank T. Chavez". The signature is fluid and cursive, with the first name "Frank" being the most prominent.

Frank T. Chavez
Deputy Inspector

xc: U.S.G.S., Farmington
Oil Conservation Division, Santa Fe

FTC:no