

Farmington Resource Area
 Callers Service 4104
 Farmington, New Mexico 87499

NOV 18 1983

CERTIFIED--RETURN RECEIPT REQUESTED P 498 210 673

RECEIVED

NOV 30 1983

Petroleum Energy, Inc.
 P. O. Box 2121
 Durango, Colorado 81301

OIL CON. DIV.]
 DIST. 3

Gentlemen:

Reference is made to your wells No. 2-29 Navajo Nation SEDNEY sec. 29 and No. 1-32 Navajo SEDNEY sec. 32, both in T. 27 N., R. 19 W. San Juan County, New Mexico in the Operating Agreement Area and Navajo Tribal lease No. N30-C-14-20-4158 respectively. Your Well Completion reports, dated October 6, 1983, indicate that well No. 2-29 Navajo Nation was perforated at 5860' to 5875' and well No. 1-32 Navajo was perforated at 6008' to 6020' without prior approval from this office.

Pursuant to 43 CFR 3163.3(d) (formerly 30 CFR 221.52) assessments of \$250.00 are imposed, for each infraction, because of failure to obtain approval of plans for subsequent well operations. You will be billed for \$500.00 by the Minerals Management Service, Accounting Center in Denver, Colorado. Any inquiries concerning the matter should be directed to this office.

You have reported that the plug back total depth of well No. 2-29 Navajo Nation is 5875', which coincides with the bottom of the perforated interval. You are hereby notified to recheck that figure and provide us with the correct figure within 30 days of the date of this letter. Failure to comply with this request may result in additional assessments pursuant to 43 CFR 3163.3 or penalties pursuant to 25 CFR 211.22.

You are further advised that any instructions, orders and decisions issued by the Bureau of Land Management are subject to technical and procedural review pursuant to 43 CFR 3165.3, appeal pursuant to 43 CFR 3165.4 and 43 CFR 4.700, or a hearing pursuant to 25 CFR 211.22.

Sincerely yours,

Area Manager