P-R-O Management, Inc.

PETROLEUM RECOVERY OPERATIONS
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June 15, 1994

070 FARMINGTON, NM

United States Department of the Interior Bureau of Land Management Farmington District Office 1235 LaPlata Highway Farmington, New Mexico 87401 Attention: Mr. Wayne Townsend

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OIL CON. DIV.

Re: Bolack B-1

Sec 28-T27N-R11W

San Juan County, New Mexico Lease No. MMSF-078872A

Gentlemen:

Phone:

214/373-1431

The Bolack B-1 is presently producing gas at commercial rates. The rebuilt compressor and new production equipment were installed on the lease in December, 1993. Production from the Bolack J-1 commenced in late January, 1993. The Bolack B-1 was open to the system, but was not producing. Late in April, 1994, the compressor suction pressure was dropped from 25 psig to 10 psig. With the lower pressure, the Bolack B-1 started producing gas at rates up to 30 Mcf/day. At the present time the well seems to be cleaning up and reaching stabilized flow rates.

Final integration and computation of gas volumes from the Bolack B-1 and Bolack J-1 for the month of May, 1994 are not complete at this time, but based on daily rate checks, the wells are producing at 14 to 30 Mcf/day and 90 Mcf/day, respectively

Plans for the Bolack B-1 are to leave it in a producing status to see what its stabilized rate of flow will be after the prolonged shut-in. If the rates decrease to previous levels, even with the 10 psig suction pressure, then we will consider additional stimulation of the Fruitland Sand. We will observe the well for several months to determine whether-or-not the lower suction pressure will permit the well to clean itself and increase production over previous levels.

If you have any questions concerning the status of this well, please call.

Yours very truly,

P-R-O Management, Inc.

Thomas R. Laverty

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