

SHAR-ALAN OIL COMPANY

1402 DENVER U. S. NATIONAL CENTER

DENVER 2, COLORADO

December 6, 1963

Handwritten:
12-13-63
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New Mexico Oil & Gas Commission
1000 Rio Brazos Road
Aztec, New Mexico

RE: Rosa Unit #49
SW/4 Section 27 - 31N - 4W
Rio Arriba County, New Mexico

Attention: Mr. Emery Arnold

Gentlemen:

I enclose herewith a two page letter which sets forth a summary of drilling operations covering the above captioned well.

Inasmuch as our original notice of intention to drill specifically stated that we were drilling a Dakota test, I am somewhat at a loss as to how to handle this matter to the satisfaction of your office as well as the Unit Operator, El Paso Natural Gas Company, and the State Unit Office at Santa Fe, New Mexico.

As you will note from the summary we encountered water in the Dakota formation and while attempting to run pipe to total depth, we lost the hole. After running electric logs, it was noted on the logs (copies of which have been forwarded to all parties) that the Gallup and Mesa Verde formations indicate the possibilities of gas production. Naturally, after our failure to reach the Dakota formation, we then proceeded to complete this well as a Gallup and/or Mesa Verde completion.

As you will further note from the frac treatment report covering the Gallup formation, we were not very successful in establishing this as a commercial gas producer zone. We are presently trying to complete this well as a Mesa Verde producer.

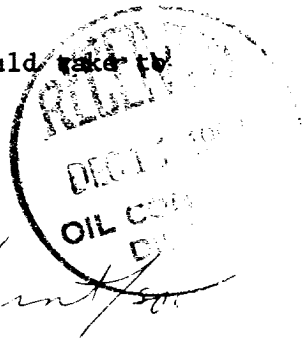
I was informed that El Paso had filed a Designation of Sub-Operator with the Commission, the contents of which call for a Dakota test. This, of course, will have to be changed to reflect that it is our intention to complete this well in the Mesa Verde formation.

Kindly advise me what, if any, further steps I should take to straighten out this matter with your office.

Very truly yours,

SHAR-ALAN OIL COMPANY

Handwritten signature: Richard S. Hunt
Richard S. Hunt
Manager of Lands & Explorations



RSH/so