

SAN JUAN DIVISION

EAST # 10M - N-26-31N-12W

45-124

September 13, 2000

Charlie Perrin
Deputy Oil & Gas Inspector
New Mexico Oil Conservation Division
1000 Rio Brazos Rd.
Aztec, NM 87410

Dear Mr. Perrin,

I am writing you this letter to document our Tuesday, September 12, telephone conversation regarding the East #10M zonal isolation. A cast iron bridge plug was set over the Dakota perforations August 22, 2000 to isolate the Dakota perforations and produce the well from the Mesaverde only. Unfortunately there was some confusion to the zonal isolation procedure and the cast iron bridge plug was not pressure tested. Since the well is no longer a dual producer and the rig is no longer on location, you granted us packer leakage approval for this isolated case.

I apologize for not fully understanding the differences between the BLM and NMOCD regulations. In the future, we will be sure to pressure test the cast iron bridge plug used for isolation, and classify the work as zonal isolation, not temporary abandonment.

If you have any questions or comments, please don't hesitate to give me a call at (505) 599-4026

Sincerely,

Jennifer Dobson Operations Engineer