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W & Hargrave
Shell Western ETP Inc.

11/07/89

TA WELL

NEEDY 108
3-21-37

Shell Western E&P Inc.

A Subsidiary of Shell Oil Company



P.O. Box 576
Houston, TX 77001

December 1, 1989

Mr. Jerry Sexton
State of New Mexico
Energy, Minerals and Natural
Resources Department
Oil Conservation Division
P. O. Box 1980
Hobbs, New Mexico 88241-1980

Dear Mr. Sexton:

SUBJECT: NORTHEAST DRINKARD UNIT (NEDU) WELL NO. 108,
SEC. 3, T21S, R37S

The purpose of this letter is to inform you of SWEPI's intentions for the NEDU No. 108.

As per your approval, this well has been temporarily abandoned with tubing cemented from 4628' to 5400'. The well is currently being held for future development in the waterflood. Our initial studies indicate there would be no loss of reserves by deferring a drainage point in this area for one to two years. Therefore, pending an in-depth study of our alternatives of re-entering or replacing No. 108, we plan to temporarily abandon it. When these studies are completed we will submit a recommended action.

If you have any questions, please contact R. C. (Chuck) Bupp at (713) 870-2269.

Very truly yours,

A handwritten signature in cursive script, appearing to read "J. H. Hollowell", located below the "Very truly yours," text.

J. H. Hollowell
Production Superintendent-Central
Western Division

RCB:pf

cc: T. D. Carr, Jr.
W. S. Powers
J. H. Smitherman
W. R. Lancaster