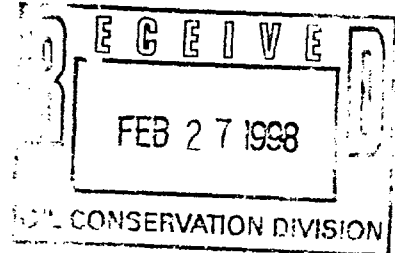


Shahara Oil, LLC

207 W. McKay ♦ Carlsbad, NM 88220 ♦ 505-885-5433 ♦ Fax 505-885-4989

February 24, 1998

Mr. Michael Stogner
Oil Conservation Division
2040 S Pacheco
Santa Fe, NM 87504



RE: Shahara Oil, LLC
Case No.s 11923 & 11924 Combined
Hearing of February 19, 1998

Dear Mr. Stogner,

Per your request at the referenced hearing, attached is additional information regarding two plugged wells within in Area of Review for the proposed Shahara State Unit. These wells, the Phillips Petroleum Phillips "E" State No. 9 in Section 9 and the Phillips Petroleum Leamex No. 11 in Section 16, appear to have been well cemented initially and plugged and abandoned properly. This should allow Shahara injection into the Grayburg and San Andres formations without possibility of injection fluids leaving these formations. Please advise if I can provide additional information.

Sincerely,

A handwritten signature in cursive script that reads "Perry L. Hughes".

Perry L. Hughes
President

Enclosures
PLH/tm

CC: Paul Cooter

Phillips "E" State No. 9

7 7/8" hole to 4450'

5 1/2" casing @ 4450' w/100 sx

5 1/2" casing x 7 7/8" hole = 0.1733 Ft³/Ft

Assume Class "C" neat mixed @ 14.8 #/gal - Yield = 1.32 Ft³/sack

1.32 x 100sx = 132 Ft³

132 Ft³/0.1733 Ft³/Ft = 762ft

4450' - 762' = 3688'

Calc Top of Cement = 3688'

Phillips Petroleum Company
 Phillips "E" State #9
 1980' FSL & 1980' FWL, Unit K
 Section 9, T17S, R33E
 Plugged 04/06/95

155 sx plug Surf-352'

Perf @ 352'

12" hole to 302'

8 5/8" csg @ 302'

w/ 200 sx - circ.

Perf @ 1230'

25 sx plug @ 1293'-1540'

Perf @ 2740'

50 sx plug @ 2558-2740'

35 sx plug @ 3894-4240'

5 1/2" CBP @ 4241'

CALC. TOP OF CMTE 3688'

EST. TOP OF GRAYBURG = 4150'

Grayburg perfs @

43441'-44441'

5 1/2" csg @ 4450'

w/ 100 sx

17 7/8" hole to 4450'

Phillips Leamex No. 11

1. 7 7/8" hole to 11,310'

5 1/2" casing set @ 11,309' w/913sx

5 1/2" casing x 7 7/8" hole = 0.1733 Ft³/Ft

5 1/2" casing x 8 5/8" casing = 0.1926 Ft³/Ft

Assume Class "C" cmt neat mixed at 14.8#/gal

giving yield of 1.32 Ft³/sx

913 x 1.32 = 1205 Ft³

Volume of 7 7/8" hole x 5 1/2" csg from 8 5/8" csg shoe @ 4549' is 1172 Ft³

Therefore 1205 - 1172 = 33 Ft³ cmt in annulus between 5 1/2" csg &

8 5/8" csg = 171 Ft

Therefore Top of Cement inside 8 5/8" csg = 4378 Ft

2. 8 5/8" csg x 12 1/4" hole = 0.4127 Ft³/Ft

Assume Class "C" mixed at 14.8#/gal giving yield of 1.32 Ft³/sx (Probably Low)

516 x 1.32 = 681 Ft

681/0.4127 = 1650'

Calc Top of Cement behind 8 5/8" casing = 2899'

3. Pool Designation: Maljamar Grayburg San Andres

Unitized Interval: Grayburg (top≈4100'), and San Andres (top≈4400')

to 5500' (base of Shahara rights). Estimated base of

Sand Andres ≈ 5850'

Phillips Petroleum Company

Leamex #11

2309' FSL & 1980' FWL, Unit K

Section 16-T17S-R33E

Plugged 10/07/61

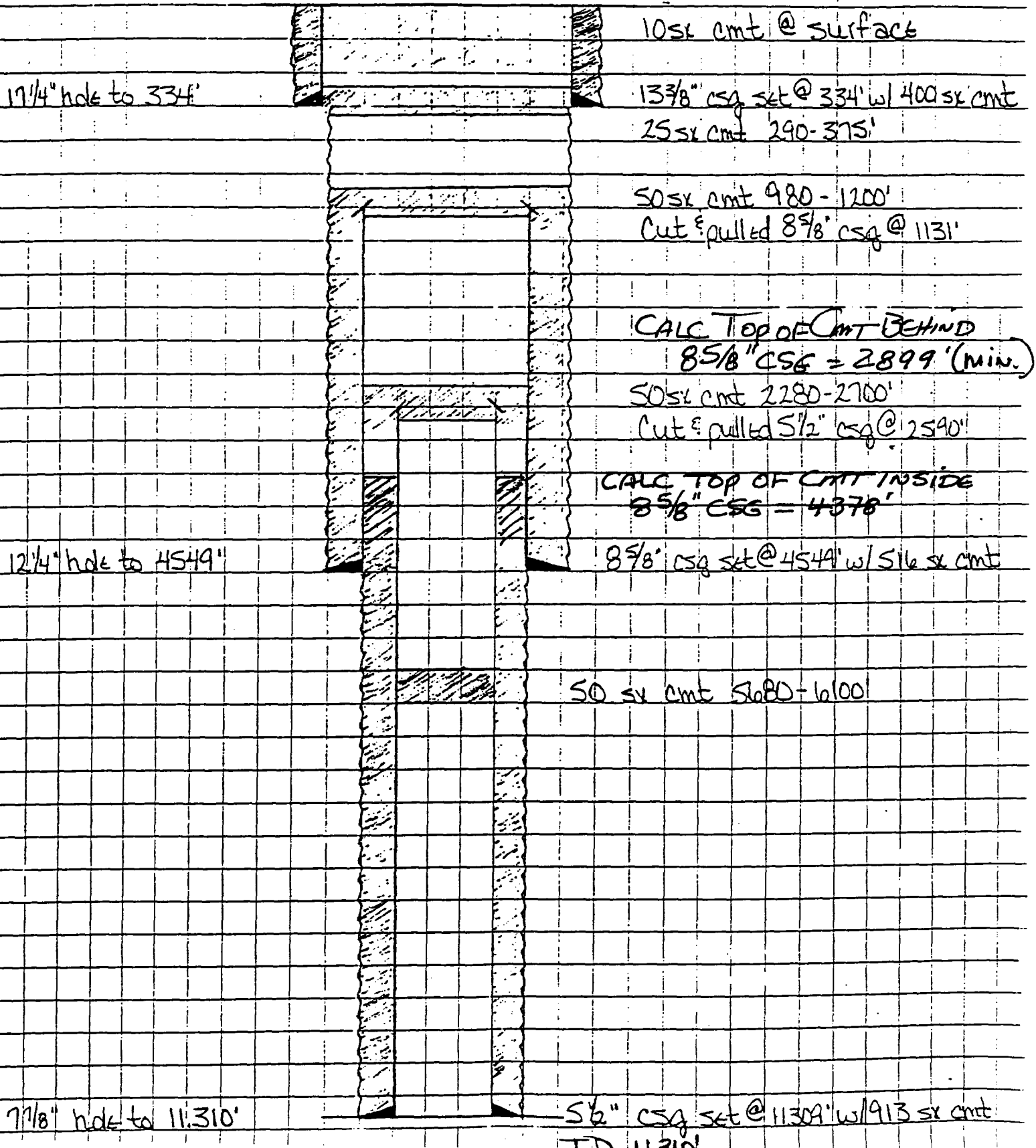


Exhibit "D"
Plugged and Abandoned Well Data
Attachment to Shuhara State Unit C-108

Operator - Well Name Location	Plug Date	TD	Perfs	Casing Size	Casing Depth	Cement Sacks/Top
Phillips Petroleum Company						
Phillips "E" State #8	03/31/95	4458'	4308-4410'	8 5/8"	290'	175 sx/circ
680' FSL & 680' FWL, Unit M				5 1/2"	4454'	125 sx
Section 9-T17S-R33E						
Phillips Petroleum Company						
Phillips "E" State #8	04/04/95	4436'	4332-4426'	8 5/8"	295'	185 sx/circ
680' FSL & 1980' FWL, Unit N				5 1/2"	4435'	50 sx
Section 9-T17S-R33E						
Phillips Petroleum Company						
Phillips "E" State #9	04/06/95	4450'	4304-4240'	8 5/8"	302'	200 sx/circ
1980' FSL & 1980' FWL, Unit K			4344-4444'	5 1/2"	4450'	100 sx
Section 9-T17S-R33E						
Phillips Petroleum Company						
Phillips "E" State #10	04/06/95	4570'	4357-4455'	8 5/8"	378'	300 sx/circ
990' FSL & 1650' FWL, Unit O				4 1/2"	4568'	270 sx
Section 9-T17S-R33E						
Phillips Petroleum Company						
Leamex #11	10/07/61	11310'		13 3/8"	334'	400 sx
2309' FSL & 1980' FWL, Unit K				8 5/8"	4545'	516 sx
Section 16-T17S-R33E				5 1/2"	11309'	913 sx
				(8 5/8" csg cut & pld @ 1131')		
				(5 1/2" csg cut & pld @ 2690')		
Phillips Petroleum Company						
Leamex #14	11/12/92	4553'	4282-4365'	8 5/8"	360'	250 sx/circ
680' FNL & 1980' FEL, Unit B				5 1/2"	4553'	300 sx/TOC 2570'
Section 21-T17S-R33E						
Phillips Petroleum Company						
Leamex #25	03/13/83	11500'	8973-11374'	13 3/8"	376'	500 sx/circ
1650' FNL & 760' FWL, Unit E				8 5/8"	4702'	1900 sx/circ
Section 21-T17S-R33E				5 1/2"	11499'	900 sx/TOC 3420'
				(5 1/2" csg cut & pld @ 3200')		
Phillips Petroleum Company						
Leamex #57	03/04/97	15200'	13562-14900'	13 3/8"	405'	500 sx/circ
460' FSL & 905' FWL, Unit M				6 5/8"	4640'	1800 sx/circ
Section 18-T17S-R33E				5 1/2"	13850'	1470 sx
				(5 1/2" csg cut & pld @ 7065')		