



Coastal Oil & Gas Corporation
a subsidiary of The Coastal Corporation

L. J. Plaza
1004 North Big Spring St.
P. O. Box 235
Midland, Texas 79702-0235

915/682-7925

February 26, 1985

Bureau of Land Management
Energy & Minerals Department
P. O. Box 1778
Carlsbad, New Mexico 88220

Gentlemen:

Please find enclosed a form 9-331 concerning our Federal "20" #1 well located in Section 20, T-13-S, R-33-E in Lea County, New Mexico. This well has been temporarily abandoned since mid 1970.

Recently, we have been searching for a feasible means of SWD in this area, after our Baum SWD was rendered unusable. The porosity logs run on the Federal "20" #1 originally indicated the well had two good porosity zones in the Bough "C". Thus, we decided to remove the blanked-off packer from this well, clean it out and run a casing inspection log to determine if the well was in reasonably good mechanical condition. The casing inspection log proved positive, thus we have submitted a form C-108 (Application for Permission to Inject) to the State.

Our problem lies in the fact that we failed to file a form 9-331 prior to commencing the previously described work. This was not intentional, just a lack of communication on our part. The fact that our disposal costs in the area are now running approximately \$1000 per day probably had something to do with this oversight.

Nevertheless, we apologize for our negligence and will do our utmost to ensure this is avoided in the future. Should you have any questions regarding this matter, please do not hesitate to contact me.

Sincerely yours,

Bobby L. Smith
Bobby L. Smith
Petroleum Engineer

BLS:spb