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January 28, 2000

CASE # 12322

Via Fax and U.S. Mail

Mark Ashley
Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505

Re: Case No. 12322; Application of Home-Stake Oil & Gas Company for an increased depth bracket allowable in the South McCormack-Silurian Pool, Lea County, New Mexico

Dear Mark:

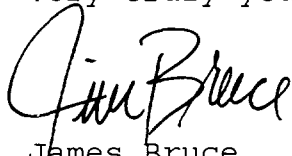
Regarding the additional information you requested on the Johnston Well No. 1 (the first well completed by Home-Stake in the pool):

1. The well was completed on October 31, 1998, and initially flowed at a relatively constant rate of about 160 BOPD with an initial choke size of 12/64". The well also produced 200 MCFGPD and 0 BWPD, with a flowing-tubing pressure of 380 psi.
2. Home-Stake began adjusting the choke size after a month or two, from 8/64" to 18/64", in an effort to keep the well flowing. As you can see from the attached chart, production of oil fluctuated substantially, and water production increased. During January, February and March, 1999, the well averaged approximately 60 BOPD, 65 MCFGPD, and 12 BWPD, with a flowing-tubing pressure of 140-330 psi.
3. Production continued to drop until the well ceased flowing in late March 1999. A pumping unit was installed on May 2, 1999, and production during May 1999 averaged 85 BOPD, 110 MCFGPD, and 60 BWPD.

As the engineer testified at hearing, due to the performance of the Johnston Well No. 1, Home-Stake is leery of adjusting the choke size on the HSOG Well No. 2, which is still flowing.

Also enclosed (by mail) is a tabulation of production data. Please call if you need further data.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Jim Bruce". The signature is written in dark ink and is positioned above the printed name.

James Bruce

Attorney for Home-Stake
Oil & Gas Company

Insert
Color Page/Photo
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11/01/98	oil 139	CAs 170	WTR 1
11/02/98	172	215	1
11/03/98	173	210	1
11/04/98	177	209	1
11/05/98	148	206	2
11/06/98	165	205	1
11/07/98	167	203	1
11/08/98	176	217	2
11/09/98	167	206	1
11/10/98	165	206	1
11/11/98	207	252	1
11/12/98	200	250	2
11/13/98	200	250	1
11/14/98	194	240	1
11/15/98	176	240	1
11/16/98	183	237	2
11/17/98	187	236	2
11/18/98	185	235	1
11/19/98	187	233	1
11/20/98	184	231	1
11/21/98	182	228	2
11/22/98	183	227	2
11/23/98	171	224	1
11/24/98	176	222	1
11/25/98	162	221	1
11/26/98	176	220	2
11/27/98	176	219	1
11/28/98	168	219	1
11/29/98	168	215	2
11/30/98	168	213	2
12/01/98	156	210	3
12/02/98	160	206	3
12/03/98	157	207	2
12/04/98	66	131	2
12/05/98	66	87	3
12/06/98	50	78	2
12/07/98	19	39	1
12/08/98	179	139	3
12/09/98	126	206	3
12/10/98	74	95	1
12/11/98	67	90	1
12/12/98	59	78	2
12/13/98	15	42	2
12/14/98	45	30	2
12/15/98	30	42	1
12/16/98	44	33	3
12/17/98	11	21	3
12/18/98	60	62	4
12/19/98	66	80	3
12/20/98	68	72	4
12/21/98	28	49	4
12/22/98	39	41	3
12/23/98	10	24	3
12/24/98	18	13	3

01/01/99	oil 28	GA 23	WTR 4
01/02/99	61	48	4
01/03/99	50	68	5
01/04/99	47	58	5
01/05/99	19	29	4
01/06/99	22	17	5
01/07/99	21	17	4
01/08/99	133	96	4
01/09/99	117	153	3
01/10/99	92	125	4
01/11/99	100	126	3
01/12/99	97	127	3
01/13/99	97	125	4
01/14/99	94	121	4
01/15/99	92	118	4
01/16/99	99	116	5
01/17/99	89	109	3
01/18/99	93	100	4
01/19/99	45	76	4
01/20/99	123	39	4
01/21/99	100	89	5
01/22/99	1	136	4
01/23/99	67	105	4
01/24/99	83	107	4
01/25/99	70	97	5
01/26/99	79	69	5
01/27/99	66	84	5
01/28/99	67	112	5
01/29/99	109	117	5
01/30/99	101	113	5
01/31/99	33	98	3
02/01/99	36	55	2
02/02/99	28	22	2
02/03/99	118	60	18
02/04/99	73	133	12
02/05/99	98	128	1
02/06/99	75	105	3
02/07/99	60	88	8
02/08/99	47	68	7
02/09/99	67	66	13
02/10/99	64	88	8
02/11/99	59	91	5
02/12/99	64	79	12
02/13/99	50	65	7
02/14/99	36	44	7
02/15/99	61	53	8
02/16/99	86	100	15
02/17/99	56	96	7
02/18/99	63	86	12
02/19/99	71	87	13
02/20/99	61	87	16
02/21/99	50	70	4
02/22/99	47	40	10
02/23/99	64	81	10