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O. C. D.

ARTESIA, OFFICE Southland Royalty Company

April 11, 1980

New Mexico Oil Conservation Division Energy & Minerals Department Drawer DD Artesia, New Mexico 88210

Subject: State 14 A Comm No. 1

Separation of Morrow & Atoka

1375' FNL, 2303' FEL, Sec. 14, T-19-S, R-29-E Eddy County, New Mexico

Gentlemen:

There has been some discrepancy in the geological tops as picked by Southland Royalty as opposed to those on the NMOCD cross-sections. This difference has lead on two occasions to Southland perforating wells out of zone.

In order to identify these tops Southland has run a paleontogical analysis on the samples from the Southland 14-A Comm No. 1, one of the wells perforated out of zone. The analysis was performed by Mr. Wendall Stewart, a consulting paleontologist familiar with the area. The Morrow top as indicated by the samples is at 10,850' as opposed to the cross-section top of 11,100'.

A copy of the paleontology is attached to this letter. Also, the thin sections will be made avilable to you if you desire to confirm our analysis. at present intend to run additional analysis on samples from the SRC 16A #1 located in Sec 16, T-19-S, R-29-E as well as the Empire Federal #1 located in Sec. 27, T-18-S, R-29-E. These analysis as well as the thin sections will be made available to you.

We are submitting this information for your review and would appreciate your comments on this matter.

Very truly yours,

Don Crarg

District Production Engineer

DRC/cr

Attachment