



OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

P. O. BOX 1980 - HOBBS

88240

LAND COMMISSIONER

PHIL R. LUCERO

July 22, 1977



STATE GEOLOGIST

EMERY C. ARNOLD

DIRECTOR
JOE D. RAMEY

Highland Production Company
P. O. Box 6725
Odessa, Texas 79760

Gentlemen:

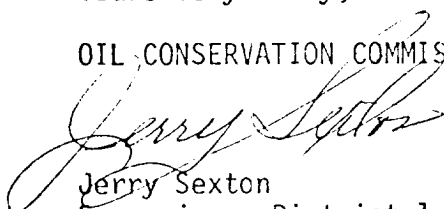
The 1977 gas-oil ratio test for your State Well No. 1 located in Unit 0 of Section 16, T-23-S, R-36-E, Jalmat Pool, showed 4 barrels of oil and 368 MCF gas, with a ratio of 92,101/1. The following production was reported on Form C-115, however:

| | Oil | Gas |
|----------|----------|----------|
| January | 55 bbls. | 5710 MCF |
| February | 54 bbls. | 5593 MCF |
| March | 32 bbls. | 4940 MCF |
| April | 41 bbls. | 4600 MCF |
| May | 27 bbls. | 5465 MCF |

According to these production figures the well should be classified as a gas well, rather than as an oil well as it now is. Please advise as to the discrepancies in reports, and which is correct.

Yours very truly,

OIL CONSERVATION COMMISSION


Jerry Sexton
Supervisor, District 1

JS/mc