

JEM Resources. Inc.

P.O. BOX 648
ARTESIA, NEW MEXICO 88210

AUG 24 1981

ARTESIA, NEW MEXICO

DALTON BELL, PRESIDENT
(505) 748-2134
ARTESIA, NEW MEXICO 88210

JOE B. BELL, SECY., TREASURER
103 EAST 5TH STREET
P.O. BOX 2103
ROSWELL, NEW MEXICO 88201

August 24, 1981

State of New Mexico
Energy & Minerals Department
Oil Conservation Division
Drawer DD
Artesia, NM 88210
Mr. Bill Gressett, Dist. II Supervisor

Dear Bill:

In reference to my JEM Resources, Inc. levers # 3Y well located in unit N - SE $\frac{1}{4}$ SW $\frac{1}{4}$ of Sec 33 T 16 S R 29E levers federal lease # NM 037777(a).

Well was originally completed in 1959 as a Grayburg (premier) producer. It was then in the Forest Field but later changed to the Cave Grayburg. It was originally drilled to 2502 and perforated at 2366-76 and had produced very little oil in the past few years.

We recently cleaned out to 2495 and perfed the Lovington Sand in the San Andres formation from 2466-76. On test the I.P. was 20 BOPD pumping.

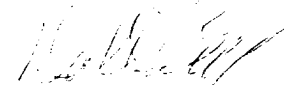
We have determined that it would be marginal to drill, but if we can re-enter or deepen some of the old wells, it would be profitable.

Due to the marginal nature of the whole field, we are asking the state to extend the vertical limits of the Cave Grayburg Pool to include the San Andres.

We also recognize that this could present a problem within the Cave Pool Unit but due to the fact that we own all the wells in the Cave Pool and the Cave Pool Unit, we could easily cope with this problem.

If you have a more suitable solution to this problem, please call it to our attention. Any help you can give would be deeply appreciated.

Yours truly,



Dalton Bell
President