

**RICHARD STEINHORST, JR.**  
PETROLEUM ENGINEER

October 6, 1993

225 Woodvale

~~PO BOX 37788~~  
LAFAYETTE, LA. ~~70505~~ 70503

PHONE:  
318-981-4303

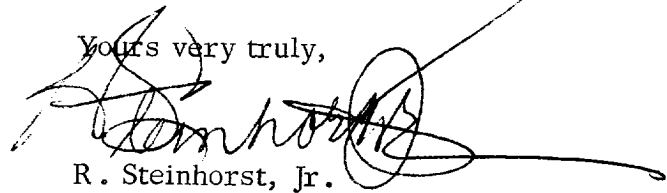
Corinne Grace  
P. O. Box 1418  
Carlsbad, New Mexico 88220

Re: City of Carlsbad No. 1  
South Carlsbad Morrow  
Eddy Co., New Mexico

Dear Mrs. Grace:

Subject well continues to produce gas at a low rate, and water production continues to have the same effect on the reservoir. Although production rates are small, gas flow should be maintained to maximize the recovery of whatever commercially economic gas reserves can be recovered.

Yours very truly,

A handwritten signature in black ink, appearing to read 'R. Steinhorst, Jr.', with a large, stylized flourish extending from the end of the signature.

R. Steinhorst, Jr.

RSJr/fbs