

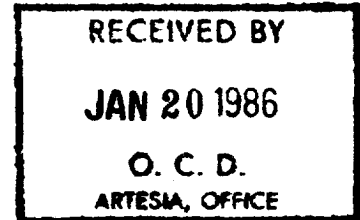
TXO PRODUCTION CORP.
900 WILCO BUILDING
MIDLAND, TEXAS 79701
915/682-7992

January 16, 1986

New Mexico Oil Conservation Division
Drawer DD
Artesia, NM 88210

Attn: Mr. Leslie Clements

Re: McMillian Fed Com #1



Gentlemen:

Please find enclosed corrected copies of Form C-104 on the McMillan Fed Com #1 in Eddy County.

These forms have been revised to indicate the oil and gas purchasers to flare gas from this well in order to test it under the BLM 60 day test period.

As indicated, this well is already tied in to an existing El Paso transportation line. However due to problems with FERC Rule 436 El Paso refuses to purchase this gas at the present time. TXO is attempting to evaluate offset average and further testing will be necessary to evaluate possible additional wells in the area.

A 4-point test will be performed at the earliest possible date after we can sell condensate produced from this lease. The results will be sent as soon as they are received from our consultant. Please contact me at 915/682-7992 if you have any questions concerning this well.

Sincerely,


Lane Griffing

LG/joy

Enclosures: