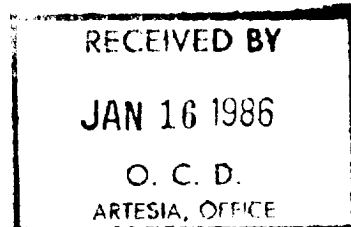


TXO PRODUCTION CORP.
900 WILCO BUILDING
MIDLAND, TEXAS 79701
915/682-7992

January 14, 1986

New Mexico Oil Conservation Division
Drawer "DD"
Artesia, NM 88210

Attn: Leslie Clements



Gentlemen:

Please find enclosed a corrected Form C-104 on the McMillan Fed Com #1 in Eddy County. The correction was to indicate the oil and gas purchasers on this well.

As noted on the attached form, El Paso Natural Gas is already tied into the well but refuses to take the gas until FERC Rule 436 is clarified. According to El Paso, there are no plans to transport this gas at the present time.

This well had a low GOR and TXO Production Corp. hereby requests permission to flare this gas under the BLM's 60 day test period for new or recompleted wells. A 4-pt test is forthcoming on the McMillan Fed Com #1 and will be filed as soon as the results are received from our consultants.

If there are any questions concerning this filing, please contact me at 915/682-7992 at your earliest convenience.

Sincerely,



Lane Griffing
Production Engineer

LG/joy

Enclosures: