



**Union Pacific
Resources**

A Subsidiary of Union Pacific Corporation

VIA FEDERAL EXPRESS
Airbill #6104278442

October 2, 1992

Mr. Mike Williams
State of New Mexico
Energy, Minerals and Natural Resources Department
District II
811 South First Street
Artesia, New Mexico 88210

RE: State 36-2
660' FNL & 1980' FWL
Section 36-21S-27E
Eddy County, New Mexico

Dear Mr. Williams:

The subject well had previous Morrow perfs plugged and reperforated in the Morrow zone @ 11,297-320' and put back on production February 13, 1992. The State 36-2 came back on production with a flow rate of 320 MCFD. The average daily production rate for the month of August was 184.6 MCFD.

Based on the experience of Union Pacific Resources Company (UPRC) personnel in this area, it is believed that if the subject well is shut-in the current production rate can not be regained. Evaluations indicate once the Morrow zone is shut-in production rates decline approximately 50%, at which time this wellbore would become uneconomical to produce.

Therefore, UPRC requests the State 36-2 be exempt from testing for the C-125, Gas Well Shut-in Pressure Report. If you concur, please execute one copy of this letter and return in the enclosed postage paid envelope.