

*Oil Reports and Gas Services, Inc.*

P. O. BOX 763 HOBBS, NEW MEXICO 88240

July 8, 1980

RECEIVED

United States Geological Survey  
P. O. Drawer "U"  
Artesia, New Mexico 88210

JUL 11 1980

O. C. D.  
ARTESIA, OFFICE

Re: Ford Chapman  
Gulf Federal No. 1  
LC-061581

Gentlemen:

Reference is made to the recent completion of the subject well with a potential test run 5/7/80 for 84 barrels oil, 12 barrels water and 42 MCF gas per day.

The nearest gas sales line is four miles distant, located in the State of Texas, and operated Conoco, Inc. On a gas volume test run 6/30/80 by Conoco, the well produced 36 MCF per day, with cost of connection estimated to be between \$25,000 and \$30,000.

Conoco, Inc. advised that the volume of gas available from the Gulf Federal No. 1 is not sufficient to justify the cost of connection. However, if the second well should result in production with a gas volume equal to or greater than the number one well then a connection can be justified.

Conoco also advised that due to the number of governmental agencies involved and their usual entanglement of red tape, clearance for a right-of-way across the State line may take from six to twelve months. They will proceed with the filings on the assumption that the number two well will be productive.

Therefore it is respectfully requested that permission be granted to vent gas from the Gulf Federal No. 1 until the number two well shall be completed and the subsequent clearance to Conoco to construct a gathering line.

Yours very truly,

OIL REPORTS AND GAS SERVICES, INC.

---

(Mrs.) Donna Holler

DN/cj

cc: Ford Chapman  
P. O. Box 2376  
Midland, Texas 79701