

TOM E MOORE
1312 MIDLAND SAVINGS BUILDING
MIDLAND TEXAS 79701

RECEIVED

April 7, 1983

APR 25 1983

O. C. D.
ARTESIA, OFFICE

Mr. Floyd Prando
Asst. Director
Oil and Gas Division
P.O. Box 1148
Santa Fe, New Mexico 87504-1148

WAYNE MOORE, AZTEC STATE #1, SEC 2-T26S-R27E, LEASE #1, T1, EDDY COUNTY, NEW MEXICO.

Mr. Prando,

This is in reference to your letter of April 5, 1983, concerning the above listed lease.

We request that the state does not cancel this oil and gas lease. This request is based on the following:

- A. The well, now completed in the Bone Springs formation is operating at a profit. Since it was completed, the well has produced an average of 1.2 BOPD and 13.5 BWPD, per day of production. This means that on the basis of 80% of \$32.00 per barrell of oil and .87¢ per barrell of water disposal cost and \$6.66 per day pumping cost, the well has a net operating profit of \$12.28 per day.
- B. The well, although now operating at a profit in the Bone Springs Section, has potential for greater production in the Delaware Section, thus a recompletion in the Delaware Section is now in the planning stage. Included in these plans are:
 1. We have employed an independent consultant to make a comprehensive study of existing logs of this well and logs of wells in the surrounding area. This study has now been completed and his recommendations have been reviewed.
 2. A specialized logging tool and log interpretation specialist were brought in from the Gulf Coast to run chlorine logs on this well, as well as three other Delaware wells in the area. These logs were completed April 6, 1983, and are now being put into a computer for final interpretation. This information will be available in five to ten days.

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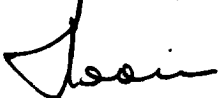
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3. Rods, pump, and tubing were pulled from the well on March 30, 1982, in preparation for recompletion of this well.
4. Service companies have been asked for cost, perforation and stimulation recommendations on various zones within the Delaware Section. These will be completed within the near future.

Mr. Prando, to summarize, the well is now operating at a profit, however, we expect to operate at a greater profit by completing this well in the Delaware Section. This recompletion in the Delaware Section will be commenced immediately upon completion of various studies now being compiled and analyzed.

Thank you for your help with this problem. Please let me know if you require additional information. May we have your reply before we proceed?

Sincerely,



Tom E. Moore

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