



August 20, 1998

Oil Conservation Division
Hobbs District Office
P.O. Box 1980
Hobbs, NM 88241-1980

Attn: Ms. Donna Pitzer

RE: State BG Well No. 2
API No. 30-025-34020
North Vacuum Atoka-Morrow Pool
Lea County, NM

Dear Ms. Pitzer:

Attached please find Form C-104 (5 copies) and Form C-105 (6 copies) for the subject well. The State BG Well No. 2 was completed in the Atoka in August, 1997, but was shut-in after completion due to a lack of production and it was held for further evaluation. The well remained shut-in until May, 1998, when a testing unit was rigged up and the well tested at 52 BOD x 1 BWD x 304 MCFD (5/14/98). The well was shut-in once again while production facilities were constructed. On July 1, the well was turned on with gas being sent to GPM's sales line. Forms C-104 and C-105 are now being submitted to document production and well test data.

If this filing meets with your approval, please assign POD's and an allowable to the well. If you have any questions or require additional information, please call me at (281) 552-1158.

Very Truly Yours,

Mark Stephens

Mark Stephens
Business Analyst (SG)