

Mr. Frank Chavez

May 3, 1988

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My father continues to believe that the oil and gas ratio between the Gallup and Graneros are very close to the same and that underproduction reported for Graneros has resulted in corresponding overproduction in Gallup. This, of course, would take substantial testing to establish, as we discussed.

We have choked the well back from 22/64 to 18/64. We can detect only a minimal reduction in the amount of gas we are selling.

After evaluating the magnitude of the overproduction of the Gallup and the minimal result we obtained by choking the well back, we have decided to follow your alternative suggestion of requesting a hearing to be allowed to dedicate an additional 40 acres to the well.

We will continue to reduce production from the well. We will also promptly request a hearing to be allowed to dedicate an additional 40 acres to the well.

Very truly yours,

Elizabeth B. Keeshan

Elizabeth B. Keeshan
Vice President

EBK:jr-j

cc: Jerry Wertheim
Jones, Snead, Wertheim,
Rodriguez & Wentworth
P.O. Box 2228
Santa Fe, N.M. 87504-2228