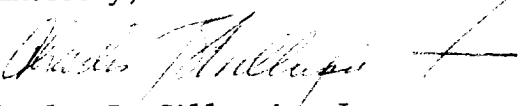


In connection with the above, we have squeezed several wells in the Saunders field in the San Andres 5000' - 5600' depth and only have found a trace of black oil in only one.

During the period from June, 1971 to June 1972 it was necessary to talk to the OCD concerning allowable increases for the well, as the total fluid pumped continued to increase until May, 1973 when decline began.

If you have any questions please feel free to call.

Sincerely,



Charles B. Gillespie, Jr.

CBG/dh