

# ST. CLAIR ENERGY CORPORATION

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501 FIRST REPUBLIC BANK BUILDING  
P. O. BOX 1392  
MIDLAND, TEXAS 79702

(915) 682-1828

August 14, 1987

Oil Conservation Commission  
P. O. Box 1980  
Hobbs, NM 88241-1980

Attention: Mr. Jerry Sexton

Re: St. Clair Energy Corporation  
Caudill Lease - Well 1-K  
Sec. 21, T-15-S, R-36-E  
Lea County, New Mexico


Gentlemen:

Discussions for future workover and production possibilities on the above captioned well have been going on with Exxon Company, U.S.A. for the past month. The well continues to produce moderate amounts of gas which is sold to Warren Petroleum Company. In the event Exxon does not agree to take-over and produce the well, we have casing pulling companies on the alert for final plugging and abandoning operations.

We hope to finalize the on going negotiations in the near future.

Yours very truly,

ST. CLAIR ENERGY CORPORATION



George Van Husen  
Agent

GVH/11b