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September 13, 1984

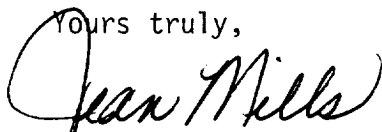
State of New Mexico  
Energy & Minerals Department  
P. O. Box 1980  
Hobbs, New Mexico 88240

Attention: Jerry Sexton

Attached is our Form C-122 for the initial potential test on the State UTP #3, Lea County, New Mexico, as an oil well. This Morrow producer currently has a 5,320:1 GOR which, of course, classifies it as a statutory oil well. However, in time, with the depletion of the initial high oil saturation, we anticipate that this well may eventually be reclassified as a gas well.

Therefore, we are also submitting a Multi-Point Back Pressure Test for a gas well for informational purposes only. Other wells on this lease exhibit declining Morrow oil production rates combined with stable gas rates, so their reclassification may occur as their GOR increases.

Yours truly,

A handwritten signature in cursive script that reads "Jean Mills".

Jean Mills  
Production Clerk

LS/ed  
Encs.