



P. O. Box 1416
Roswell, New Mexico
November 2, 1966

Oil and Gas Conservation Commission
P. O. Box 1980
Hobbs, New Mexico

Attention: Mr. Joe Ramey

Re: Sunray DX Oil Company New Mexico "EE" State
No. 1; 1980' FNL and 660' FEL of Section
13-T17S-R36E, Lea County, New Mexico

Gentlemen:

This transmittal is offered as formal confirmation of discussions held at the Commission's Hobbs, New Mexico office between Messrs. Joe Ramey, John Runyon, representing the Commission and Messrs. Louis Soter and B. F. Brawley representing Sunray DX regarding the Wildcat status and or discovery allowable candidacy of subject well. Also we would like to outline our proposed method of testing the well for reservoir evaluation.

It was concluded, to everyones satisfaction, that the New Mexico "EE" State No. 1 had penetrated below productive intervals of other wells completed in the Abo and located in the Midway Abo Pool and nearby areas. Also, penetration had included a Bone Springs section and the current productive interval probably is a patch reef development within the Bone Springs geological section and represents an area discovery. For all practical purposes the discovery zone was called Bone Springs.

The initial potential taken 10-31-66 was for 194 BO and 22 BWPD flowing. Capacity of the well is indicated to be a great deal more but it was decided to restrain the initial potential. Since some water of an undetermined nature was recovered, we propose to