

KNOX INDUSTRIES, INC.

P. O. BOX 3023
MIDLAND, TEXAS 79702

GORDON S. KNOX
PRESIDENT

May 6, 1980

Mr. Jerry Sexton, Supervisor
N.M.O.C.C.
P. O. Box 1980
Hobbs, NM 88240

Re: New Mexico State No. 1
Unit F, Sec. 2-19S-34E
Lea County, New Mexico

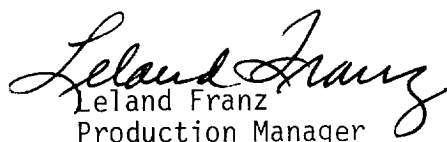
Dear Mr. Sexton:

Our New Mexico State No. 1 has been completed in the Morrow Sand from 12,571-85' for a CAOF of 8.1 MMCFD, and awaiting PL connection. Forms C-105 and C-122 are being prepared and should be in the mail tomorrow.

While drilling this well, a good show of oil and gas was encountered in the Wolfcamp just above 11,700'. We believe the zone may extend over a considerable areal extent, and to help justify a twin or nearby well, we plan to test the zone in a temporary recompletion while we are awaiting PL connection. At the conclusion of the test, the Wolfcamp will be squeezed off and the well returned to the Morrow.

Attached are five copies of Form C-101, with Workover Procedure describing the proposed work. We plan to commence this work as soon as we can line up the proper equipment.

Yours very truly,


Leland Franz
Production Manager

LF/kc

Attachment