

Armstrong
ENERGY CORPORATION

505/623-8726

SUNWEST CENTRE, SUITE 1000
P. O. BOX 1973
ROSWELL, NEW MEXICO 88202
FAX 505/622-2512

November 10, 1992

*OK for soft
10" dan necker
see if PNM can
be cut back*

Oil Conservation Division
District I
P. O. Box 1980
Hobbs, New Mexico 88240

Attention: Mr. Jerry Sexton, Supervisor

Re: Mobil Lea State #1
1980' FWL, 1800' FSL,
Section 2, T-20S, R-34E
Lea County, New Mexico

Dear Mr. Sexton:

I am writing this letter as a result of your phone conversation yesterday with our operations supervisor, Tommy Scroggin. Tommy informed me that we should confirm in writing with you the verbal arrangement which you discussed with him.

The Mobil Lea State #1 is currently producing 200 BOPD± and 20 BWPD. This well is flowing through a down hole pump, rods and pumping tee. The pumping unit has been shut down and the double-packed stuffing box rams have been engaged. We are flowing through a choke on the tubing side of the wellhead assembly. Since November 1, the production has been as follows:

<u>Date</u>	<u>Oil</u>	<u>Water</u>	<u>Choke Size</u> <u>(2" choke)</u>
November 1	385	57	
November 2	375	48	
November 3	359	46	
November 4	427	54	
November 5	159	21	10/64th
November 6	294	24	10/64th
November 7	217	23	8/64th
November 8	220	21	6/64th
November 9	171	16	4/64th

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The choke we are using is a full-bore 2" choke that is more resistant to plugging off. The choke is gradually being reduced each day and it appears that the well will stabilize in the 200 BOPD range on the smallest setting. The stuffing box is rated to handle the current flowing pressures of 170 pounds. If, however, we were to shut the well in, the stuffing box would not be an acceptable method of shut-in. A master valve would be preferred, but a pumping application does not offer a master valve.

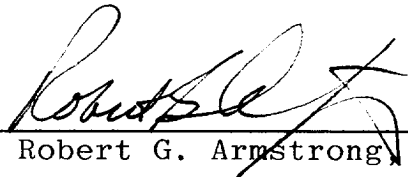
As Tommy mentioned, other Delaware wells to the southwest of this well did not flow and we did not have any reason to anticipate a flowing well. Tommy visited with you concerning our apprehension in killing this well in order to remove the pumping rods.

We appreciate your decision to allow us to produce this well for a period of 60 days from today at a rate of 200 BOPD, or less if possible, so that we can monitor this well and gather information. We are satisfied that we can safely produce this well at current rates and pressures with our present flowing apparatus.

If this letter does not correctly set forth the agreement which was reached between you and Tommy, please let me know as soon as possible.

Sincerely,

ARMSTRONG ENERGY CORPORATION

By: 
Robert G. Armstrong, President

RGA:lb

cc: All Working Interest Owners