



Midland Division
Exploration Production

Conoco Inc.
10 Desta Drive, Suite 100W
Midland, TX 79705-4500
(915) 686-5400

October 18, 1994

Mr. Jerry Sexton
New Mexico Oil Conservation Division
P.O. Box 1980
Hobbs, NM 88240

RE: Hardy 36 State well #1, Lea County, NM. API# 30-025-32128,
Sec. 36, T 29S, R 37E, unit letter "K".

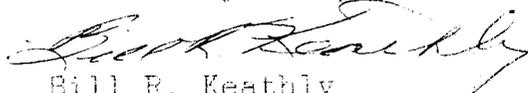
Dear Mr. Sexton:

Conoco set a REF above the McKee perms in order to test the Drinkard with perms @ 6705-6746'. The well started flowing oil on 10-13-94 and we requested a test allowable on 10-14-94, over the weekend the well went to flowing 1,000 mcf with no oil.

We are requesting permission to sell this gas to Warren (with their approval) during a 2 week test period instead of venting, while a study is underway as to the possibility of completing as a dual well or to squeeze the Drinkard zone and drilling a twin well for the Drinkard production.

If you need additional information contact Damian Barrett at (915) 686-5497.

Yours very truly


Bill R. Keathly
Sr. Regulatory Spec.