

JOHN H. HENDRIX CORPORATION

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223 WEST WALL, SUITE 525
MIDLAND, TEXAS 79701

August 7, 1991

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

Attention: Mr. Jerry Sexton

RE: Lee No. 1 - Unit I,
Section 23, T22S - R37E,
Lea County, New Mexico

Gentlemen:

Please find enclosed copies of your Forms C-102, C-103, C-104, and C-116.

This well was recently a Blinebry Gas-Drinkard dual. A C-103 was approved to squeeze the Blinebry Gas and to perforate additional Drinkard. The Blinebry Gas has been squeezed and the Drinkard remedial work was unsuccessful. We requested permission to perforate additional Blinebry and this was approved August 2, 1991 on your Form C-103.

The enclosed C-103 shows the additional work performed on the Blinebry zone, the C-116 shows the test that will reclassify the well from Blinebry Gas to Blinebry Oil. The attached C-102 shows the 40 acres now dedicated to the Blinebry Oil. The C-104 indicates that Texaco E&P will transport the gas and Texas New Mexico Pipeline will transport the oil.

In summary, the subject well should now be classified as a Blinebry Oil well. The Blinebry Gas allowable should be cancelled. The Drinkard is now abandoned as reported on C-103 dated July 31, 1991.