

DOYLE HARTMAN

Oil Operator

SUITE 508

C & K PETROLEUM BUILDING

MIDLAND, TEXAS 79701

(915) 684-4011

July 17, 1978

Jerry Sexton
New Mexico Oil Conservation Commission
Box 1980
Hobbs, New Mexico 88240

Re: Highland State #1
J-16-23S-36E
Lea County, New Mexico

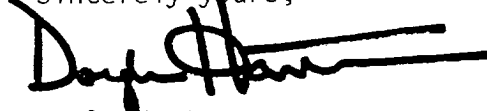
Dear Mr. Sexton:

Enclosed are six copies of the required C-102, C-104, and C-105 for our Highland State No. 1 well located in J-16-23S-36E. As you will notice from our potential test, the subject well is producing 32 BPD of formation water along with the anticipated Jalmat gas production out of the Yates perforations between 3115 and 3225.

Since this is a fairly significant water volume and our shut-in bottom-hole pressure appears to be only 351 psi, we request that our Highland State No. 1 be exempted from all future scheduled shut-in pressure tests in order to minimize any further water damage to our Jalmat Gas pay.

Furthermore, we should have a pumping unit, separator, and water tank installed on our Highland State No. 1 and the well should be hooked up to El Paso's gas system by July 25, 1978. However, we will probably not have final approval from the NMOCC in Santa Fe for a non-standard proration unit and non-standard location until August 10. Therefore, in order to prevent formation damage to the well by shutting it in for two weeks and also to prevent waste of a valuable natural resource by flaring produced gas to the atmosphere, we request permission to test and cleanup the subject well into El Paso's gas system until final approval is received for our non-standard proration unit.

Sincerely yours,



Doyle Hartman

DH/mv
cc: Travis Elliott
El Paso Natural Gas Co.
Jal, New Mexico 88252