Michael S. Morris 816 Ladera Fort Worth, Texas 76108

January 26, 1992

Oil Conservation Division P.O. 1980 Hobbs, New Mexico 88240 Attn: Jerry Sexton

Re: Baker C-2 well Lea County, New Mexico API No. 30-025-31350

Dear Mr. Sexton:

The referenced well was spud on December 30, 1991. On January 3, 1992, it began flowing saltwater at a rate of 52 barrels per hour when we drilled through an interval around 2900 feet. On January 5, 1992, we reached the well's total depth of 3900 feet and it was a dry hole. On January 6, 1992, we set a plug from 3450 feet to 3350 feet and then tried to set an additional plug in the well from 2950 to 2750 feet, as two separate attempts were made. Unfortunately, both of the plugs washed out from the water flow, and we were unable to tag any cement. On January 7th, we tried to kill the flow with 15.6 pound mud, but we were unsuccessful. On January 8th, we attempted to set a Baker 6-1/4 inch Single Set Production Injection Packer at 2900 feet, but it would not set after several attempts. It was eventually left at 2800 feet, inadvertently attached to 19 joints of drill pipe. At the time, it was thought to be properly set. Although this drill pipe weighed approximately 9462 pounds (19 joints x 30 feet/jt x 16.6 lb/ft), this loss of weight went unnoticed by the service company representative and the rig man. We pumped two hundred sacks of cement on top of this string of joints as a plug, not realizing that we had twisted off from the joints. We came up the hole and set a plug from 504 feet to 620 feet, thinking we were setting a plug 50 feet inside and outside the bottom end of our 8-5/8ths inch surface casing at 1166 feet. When we came up the hole to set a surface plug, we realized that we were missing the 19 joints of pipe. On January 9th, we then drilled out the plug from 504 to 620 feet and reset a plug 100 feet inside and outside of the end of the surface pipe. We came up the hole and set a surface plug in the surface pipe. On January 13, 1992, the landowner, Irvin Boyd, called and said that the well was flowing water, and on the same day, I gave your department notice that I needed emergency assistance in