KELTON OPERATING CORPORATION

Post Office Box 3090, Roswell, New Mexico 88202-3090 (505)622-2421

November 2, 1992

Mr. JERRY SEXTON

Oil Conservation Division
Post Office Box 1980
Hobbs, New Mexico 88240-1980

Re: Lineberry #1 & #2 wells

Dear Jerry,

I am in receipt of you letter dated October 30, 1992. First, I would like to apologize for the confusion that I have caused in relation to the above mentioned wells. I would like to take this opportunity to try and clear up some of the confusion.

Currently the Lineberry #1 well is producing from the Blinebry formation. My initial intent was to complete into the Tubb zone. Due to problems in the field, there were changes made in the completion procedure. In our conversation on the phone I had requested permission to perforate the Tubb and Blinebry formations. However, I could not get a good test on the Bridge plug below 6100'. This only left 12' of the Tubb Zone that could be perforated. At this point, I chose to perforate in the Blinebry formation from 5342' to 5706'. The bridge plug was set at 6090' and tested to 3500#. The bridge plug is isolating the Abo-Drinkard formation from the Blinebry formation.

The form C-103 that you returned to me was another mistake on my part. The C-103 should have been labeled for the Lineberry #2 well. The #2 well is currently producing from the Cline Tubb formation. This is the well that I had contacted you about and told you that I had shut in because it had a hole in the tubing. I intend to leave the #2 well shut in.

The Lineberry #1 & #2 wells produce into a common battery located on the Lineberry #1 location. It was my understanding that I need to have a down hole and surface commingling order to be able to produce the two wells into the same battery. I elected to shut the #2 well for two reasons: 1. The #2 is only making approximately 3 barrels oil and 15 MCF gas. 2. Depending on the out come of the #1 well, I intend to plug back to the Blinebry formation. At this point both wells will be producing from the same pool.