

ENRON

Oil & Gas Company

P. O. Box 2267 Midland, Texas 79702 (915) 686-3600

December 16, 1986

Mr. Jerry Saxton
Supervisor District I
NMOCC
Box 1980
Hobbs, New Mexico 88240

Re: HNG Oil Company
Jewel "2" State #1
Section 2-25S-34E
Lea County, New Mexico

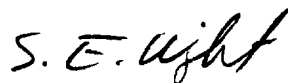
Gentlemen,

This letter is to confirm our telephone conversation of this date. As you recall, HNG has drilled this well and run casing and is attempting a completion at the present time in the Atoka Bank. This is the only zone in this well to test and it has proven to be "tight". Part of the procedure required to properly evaluate this zone is pressure analysis. However, the time that is necessary to obtain this data is more than 30 days. The build-up is very slow. The lease contains language that requires "operations" within 20 days of the previous "operation". This letter is intended to confirm your statement that obtaining pressure data constitutes "operations" as that term pertains to the subject lease.

Thanks for your cooperation.

Very truly yours,

ENRON OIL & GAS



Steve Wright
Division Production Engineer

SEW/kjh

cc: G.L. Thomas
G.L. Porter
Well File
Correspondence File

RECEIVED

DEC 17 1986

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HOBBS OFFICE