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State of New Mexico Energy, Minerals and Natural Resources Department Oil Conservation Division P. O. Box 1980 Hobbs, New Mexico 88140-1980

Attention: Mr. Jerry Sexton

District I Supervisor

Re: Carter Eaves "NCT-A" Lease

NW/4 NW/4 and E/2 W/2 Section 6, T-24-S, R-37-E Lea County, New Mexico

Gentlemen:

Enclosed please find the following State of New Mexico OCD forms pertaining to the above lease:

- 1) NMOCD Form C-102 pertaining to the newly drilled and completed Carter Eaves "NCT-A" No. 2 (D) well dedicating the 37.94 acre NW/4 NW/4 (Lot No. 4) tract to the No. 2 well as a Jalmat (T-Y-7R) oil producer.
- 2) NMOCD Form C-104 requesting an allowable and authorizing the transportation of oil and gas from the Carter Eaves "NCT-A" No. 2 (D) well.
- 3) NMOCD Form C-105 detailing the completion of the Carter Eaves "NCT-A" No. 2 (D) well.
- 4) NMOCD Form C-103 detailing the fracture stimulation of the Carter Eaves "NCT-A" No. 2 well.
- 5) NMOCD Form C-116 Gas-Oil Ratio test pertaining to the Carter Eaves "NCT-A" No. 2 (D) well after the well was fracture stimulated.

As based upon the enclosed form C-116, the gas-oil ratio on the Carter Eaves "NCT-A" No. 2 establishes the well as a Jalmat (T-Y-7R) oil producer. We had originally permitted the well as a Jalmat gas producer and had submitted an NMOCD Form C-102 dedicating the non-standard 197.75 acre gas proration unit consisting of Lots 3 and 4, the SE/4 NW/4 and the E/2 SW/4 of Section 6 to the proposed Carter Eaves "NCT-A" No. 2 well. The non-standard 197.75 acre proration unit was approved by the NMOCD's Order No. R-9437 dated January 24, 1991.

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