



Primary Fuels, Inc.
A Subsidiary of Houston Industries Incorporated

May 18, 1988

Robert M. Gallagher
City Manager
300 N. Turner
Hobbs, New Mexico 88240

Reference: Notice of Intent to Drill
State 36 No. 1 Well
Lea County, New Mexico

Dear Mr. Gallagher:

As recently discussed with our Drilling Superintendent, Tom Mendenhall, Primary Fuels, Inc. plans to drill the No. 1 State 36 well in Lea County, New Mexico on or about May 25, 1988 to an anticipated total depth of 4550 feet. The location of this well is as follows:

330 feet from the south line and 330 feet from the east line
of Section 36, Township 18S, Range 38E.

Please call this office should you have any questions pertaining to the drilling of this well.

Very truly yours,

PRIMARY FUELS, INC.

Steven C. Partain
Manager-Drilling and Production

/rh

cc: Mr. Jerry Sexton
Supervisor, District 1
Oil Conservation Division
PO Box 1980
Hobbs, New Mexico 88241-1980