



COX OIL & GAS, INC.
 3800 INTERFIRST ONE
 DALLAS, TEXAS 75202
 (214) 741-1901

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OCT 10 1986

COLO. OIL & GAS CONS. COMM

October 8, 1986

Oil & Gas Conservation Commission
 1580 Logan St., Suite 380
 Denver, Colorado 80203

Handwritten initials

Attention: Mr. William R. Smith, Director

RE: Cox Tow Creek State Well No. 1-36
 Grassy Creek Field
 Routt County, Colorado
 Permit #85-1025

Dear Mr. Smith:

Enclosed is a completion form and logs for the above referenced well. Oil potential data is not shown because the well has not yet been completed as a commercial producer and further completion work is pending. To date, three unsuccessful frac jobs have been performed upon the 3rd Bench of the Niobrara.

Cox is also the Operator of the Cox Dry Creek Federal Well No. 10-11 (located within Sec. 11-T5N-R88W of Routt County) which was drilled after the Cox Tow Creek #1-36 well and which initially appeared to offer more favorable frac possibilities than had the Tow Creek well. However, two frac treatments upon the Niobrara 3rd Bench in this Dry Creek well were also unsuccessful.

Plans are near finalization to attempt a frac of the Niobrara 2nd Bench of the Dry Creek well. Our plans at this time will be to continue attempting to successfully fracture the Dry Creek well before moving back to the Tow Creek well for yet another frac job there. Our reasons for continuing to work upon the Dry Creek well before further efforts at Tow Creek are that the Dry Creek well initially appeared to offer more positive indications for frac success than did the Tow Creek, and secondly, because of the comparative terrain and other physical considerations, the Dry Creek well is the less expensive of the two to frac.

The combined fracturing and associated costs upon these two wells is now at \$700,000. We have thought that the Niobrara, of Northwest Colorado, offered considerable potential if we were to be able to frac and complete a commercial well and have spent this money in our attempts to do so. We have a reasonable acreage position within the immediate area of these two wells or otherwise we could not justify frac costs of this magnitude.

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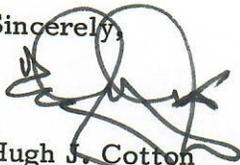
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(We request your approval of our future efforts to hold confidential, for as long as is permitted, information pertaining to the specifics of our fracture procedures, materials and of positive results which we might obtain. Unfortunately, to date, we have no technological breakthroughs to keep tight.)

The attitude you have shown toward our operations is appreciated and is indicative of the practice of your office to be cooperative and helpful to oil and gas operators. At the same time, I understand that we have a responsibility to return these considerations to you. We shall, in the future, keep your office informed as to our activities within the state.

Sincerely,



Hugh J. Cotton
Drilling Manager

HJC:kp

Attachments