

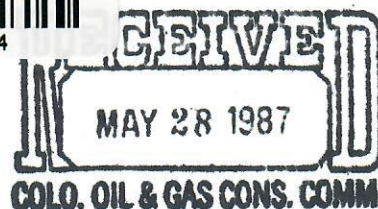


00202404

COX OIL & GAS, INC.

3800 INTERFIRST ONE
DALLAS, TEXAS 75202
(214) 741-1901

May 26, 1987



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

RE: Cox Tow Creek State #1-36
Routt Co., Colorado
Lease #72/3415-State

Gentlemen:

Cox Oil & Gas, Inc. is preparing to clean up for sale all oil production stored in a lease site rental frac tank and to release the tank.

Oil stored in this frac tank represents 100% of the oil produced since date of first production on November 23, 1985. Fluid produced has been a high water cut with an oil/water emulsion difficult to treat without heat.

The lease pumper has on occasion, and as the need arose, removed water from the tank bottom.

For reasons mentioned above, it has been difficult for us to accurately determine the amount of oil within this tank. We are currently reporting 241 bbl. of oil stored on the lease. Our pumper estimates that the bs&w content ranges from 8% at the top to 75% at the bottom of the tank and that there might actually be only 100 bbl. of salable oil present.

We are requesting permission for Enron to treat all available oil to make it acceptable for sale and to purchase and close out the oil on the lease.

We invite your comments and the presence of your representative while the oil is being cleaned up and removed.

Sincerely,

Hugh Cotton

Copy to Katy B. 6/5/87

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