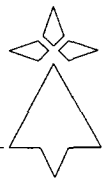

P E R E N C O



May 18, 2004

Mr. Bryan Arrant
New Mexico Energy, Minerals and Natural Resources Dept.
Oil Conservation Division
1301 W. Grand Ave.
Artesia, New Mexico 88210

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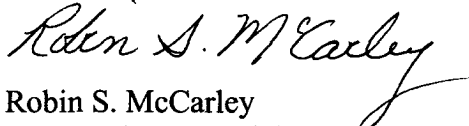
RE: State 1624 Well No. 291
Unit C, Sec. 29, T16S, R24E
Eddy County, New Mexico
30-01S-330SS

Dear Mr. Arrant,

No electric logs were run on the horizontal section of the above referenced well. Conventional electric logging wireline equipment cannot be used on the horizontal section. It is cost prohibitive to get specialized equipment to log the horizontal section. Mudlogs provide the geologic information that we require to evaluate the horizontal section of our well.

If you need additional information please call me at (432) 688-0946 or email at rmccarley@us.perenco.com.

Respectfully,


Robin S. McCarley
Engineering Technician