

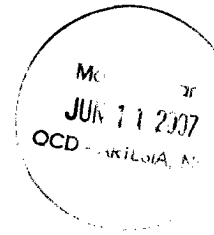


015-34653

MURCHISON OIL & GAS, INC.
MURCHISON PROPERTIES, INC.

CERTIFIED MAIL

June 7, 2007



Mr. Ron Harvey
State of New Mexico
Oil Conservation Division – District II
1301 W. Grand Avenue
Artesia, NM 88210

**RE: RIO STATE #4
EDDY CO., NM.**

Dear Mr. Harvey:

As a follow up to Letter of Violation dated April 3, 2007, LOV No. 029107 (copy attached), Murchison's contractors have removed water from the pits and have begun dirt work to close the reserve pit. We removed water from the pits two weeks ago, but recent rains caused us delays with moving heavy equipment and water removal. I will provide you with another update of our progress within 30 days.

If you have any questions feel free to call.

Very truly yours,

MURCHISON OIL & GAS, INC.

Michael S. Daugherty
Vice President Operations

MSD/ct/RioSt#4-OCDLettofViol-#029107-2ndFolwUpResp

Encl.