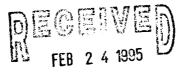
J.K. EDWARDS ASSOCIATES, INC.

OIL & GAS PROPERTIES

1401 17th Street / Suite 1400

DENVER, COLORADO 80202

303/298-1400 FAX 303/298-0757



February 10, 1995

OIL CON. DIV.

Mr. Ken Townsend, Chief
Branch of Drilling and Production
United States Department of the Interior
Bureau of Land Management
1235 La Plata Highway
Farmington, New Mexico 87401

RE: NMNM61 et al. (WC) 3162.3-2 (07337)

Dear Mr. Townsend:

Regarding your letter of January 25, 1995, we propose the following:

1. 36 Chaco Plant, 1450' FNL & 1450 FWL, Sec. 36, T. 26 N. R. 12 W., Lease No. NMNM61, San Juan County, NM., Shut in approval expired October 1, 1994. THIS APPROVAL EXPIRES 1995

We will attempt to place this well back into production in the next thirty days. If this attempt is unsuccessful, we will submit a proposal to plug and abandon.

2. 20 Chaco Plant, 1500' FNL & 900 FEL, Sec. 27, T. 26 N. R. 12 W., Lease No. NMNM26354, San Juan County, NM., Shut in approval expired October 1, 1994.

THIS APPROVAL EXPIRES 1505

We will submit a Sundry Notice to plug and abandon this well within thirty days.

3. 1 Bengal B, 790' FSL & 1850 FEL, Sec. 2, T. 26 N. R. 12 W., Lease No. NMNM16471, San Juan County, NM., Shut in approval expired December 1, 1994.

A Sundry Notice to plug and abandon was filed January 23, 1995, a copy of which is attached.

4. 1 Bengal A, 1980' FWL & 1980 FWL, Sec. 1, T. 26 N. R. 12 W., Lease No. NMNM16470, San Juan County, NM., Shut in approval expired December 1, 1994.

CD APHOVE TO FEB 21 1995

NMOCD

Ken Townsend February 10, 1995 Page two

4. (continued)

THIS APPROVAL EXPIRES HAPR 0 1 1995

An application to deepen this well and convert it to a water injection well is being filed. Pending approval, we expect to perform this conversion within ninety days.

5. 4R Bengal A, 890' FNL & 1850 FWL, Sec. 1, T. 26 N. R. 12 W., Lease No. NMNM16470, San Juan County, NM., Shut in approval expired December 31, 1994.

Additional completion work was recently performed on this well. We expect to place this well into production in the next sixty days pending right of way, meter installation and tap into El paso. We respectfully request an additional sixty day shut in status for this well.

If you have any questions concerning the above wells, please contact the undersigned or Paul Thompson at Walsh Engineering (505) 327-4892.

Very truly yours,

J. Keith Edwards

President

JKE: vmc

Enclosure