

SMITH & MARRS INC.
BOX 863
KERMIT, TEXAS 79745
(915) 586-3076
FAX (915) 586-2453

TO: DAVID BROOKS

COMPANY NMOCD

FAX# 505-476-3462

OF PAGES 2 INCLUDING FAX COVER SHEET

FROM: RICKEY SMITH

DATE: 11-06-2001 TIME SENT

COMMENTS:

SMITH & MARRS INC.
BOX 863
KERMIT, TEXAS 79745

November 6, 2001

New Mexico Energy Department
1220 South Francis Drive
Santa Fe New Mexico 87505
ATTN: David Brooks

BY FAX 505-476-3462

Dear Mr. Brooks

As you are aware we have several wells needing to address. We closed October 19, 2001 with our investors to purchase their interest in these and other wells. We were not able to commence operations on projects until these matters were cleared up.

We have submitted to Chris Williams plugging intents on several wells with others to follow in the near future. We intend to have all wells within compliance by the end the year. We will commence operations within the week or the first part of next week. We need a 60-90 period to finish these projects if possible.

Please inform us if it is necessary to hire counsel to attend a meeting in Santa Fe.

Thank you, for you consideration on this matter and I look forward to hearing from you in the near future. Phone # 915-586-3076 – Fax 915-586-2453.

Sincerely,



Rickey Smith

cc: Chad Smith
GREAK & SMITH, P.C.