

*Received  
9/13/05*

September 12, 2005

Mr. William Jones  
NM Oil Conservation Division  
1220 South St. Francis Drive  
Santa Fe NM 87505

VIA FEDERAL EXPRESS

RE: C108 APPLICATION FOR AUTHORIZATION TO INJECT  
ON BEHALF OF DUKE ENERGY FIELD SERVICES (DEFS)  
SECTION 30, T8S, R37E; LEA COUNTY, NEW MEXICO

Dear Mr. Jones:

Enclosed you will find an application on behalf of DEFS to drill and operate an acid gas injection well in the SW ¼ Section 30, T18S, R37E, Lea County, New Mexico. The location is approximately 4½ miles west of Hobbs and, as you will see from the attached application, the primary target injection zone is below all of the production in the area in the Lower Bone Spring (Wolfcamp). We will also test the Brushy Canyon as a secondary zone.

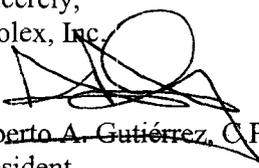
I am confident that the detail provided in the application will allow NMOCD to evaluate and administratively approve the application. We have contacted all of the operators within the area of review, and several operators outside of the area but close to it, to advise them of DEFS's intentions to drill the above-referenced well. As you will see from the application, proof-of-notice is provided that details our formal notification of the operators in the area of review. In addition, we have placed a legal notice in the Hobbs newspaper, which is scheduled for publication on Tuesday, September 13, 2005. We will submit the affidavit of publication along with the return receipts from the affected operators as soon as we receive them.

We are working diligently to conclude the negotiation of an easement with the New Mexico State Land Commissioner as the well will be located on State-owned surface. I trust that you will find everything you need herein to evaluate the application and I would encourage that if you have any questions, please contact me at the address below or at my office in Albuquerque: 505-842-8000.

Mr. William Jones  
September 12, 2005  
Page 2

I look forward to working with you to assure the prompt and adequate of this application and its timely administrative approval.

Sincerely,  
Geolex, Inc.

  
Alberto A. Gutiérrez, C.P.G.  
President



AAG/lh

Enclosures

cc (w/enclosures):      Joshua Epel, Esq. – DEFS  
   Mr. Chris Root – DEFS  
   William Carr, Esq. – Holland & Hart

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