

**BEN DONEGAN**  
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ALBUQUERQUE, NEW MEXICO 87107

RECEIVED

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DEC 06 2004

OIL CONSERVATION  
DIVISION

December 1, 2004

Attention: Armando A. Lopez  
Bureau of Land Management  
2909 West Second Street  
Roswell, NM 88021

Commissioner of Public Lands  
Attention: Pete Martinez  
Oil, Gas and Minerals Division  
New Mexico State Land Office  
P. O. Box 1148  
Santa Fe, NM 87504-1148

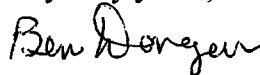
Attention: Roy Johnson  
New Mexico Oil Conservation Division  
1220 South St. Francis Drive  
Santa Fe, NM 87503

Re: Proposed federal helium contract for the Cat Head Mesa Unit Area.

Gentlemen:

Wheeler Sears of Inter-American Corporation and Ben Donegan, on behalf of the Owners of the Cat Head Mesa Unit area oil and gas leases, met in Amarillo November 17, 2004 with Leslie Theiss, Joseph Peterson, Terry Bigham, Stanley Drozell and Patti Gilbert-Bonner of the Amarillo BLM Helium Field Office and Armando Lopez of the Roswell BLM Field Office concerning the proposed Sale and Disposition Contract for helium produced from federal lands in the Unit Area. Following a review of the recent test results from the re-entry of the No. 1 Dulce Draw State well, our proposed plans for development of carbon dioxide and helium in the Unit Area and the changes needed in the February 2003 draft of the helium contract, Terry Bigham was nominated to prepare a new draft of the contract by mid-February 2005 for review by the Owners.

Very truly yours,



Ben Donegan

BD/nm  
Encls.