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January 5, 1998

Taurus Exploration U.S.A., Inc.  
2101 Sixth Avenue North  
Birmingham, Alabama 35203

Re: 01-AR-11  
Property: 3132032A  
Owner 1714

Gentlemen:

I am the owner of an 8.33333% operating interest in Martinez Well #1, Rio Arriba County, New Mexico, which your company bought from Burlington Resources on January 1, 1997 and for which it assumed ownership on August 1, 1997. According to Burlington Resources, the Martinez well had been shut-in on July 31, 1997.

I am in receipt of bills from Taurus Exploration for operating expenses for August, September and October of 1997 for production of gas from Martinez #1, but not in receipt of any proceeds from the sale of gas from such production.

Needless to say, I see no justification for sending me bills for the production of gas from a shut-in well.

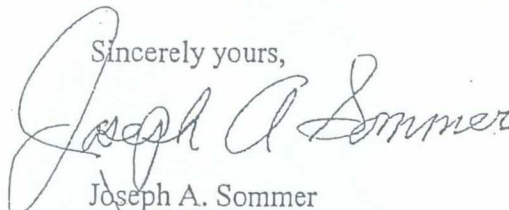
If the well is now in fact producing gas, you have provided me with no record that it is doing so.

If the well is shut-in and therefore not producing gas, why am I being charged with such items as company labor, supervision, and vehicle expenses? Is Taurus supervising labor employed on a shut-in well?

If you have a shut-in well, and are simply making phantom charges for overhead, there would seem to be no reason that the Martinez well has not been plugged and abandoned unless your intention is simply to extract overhead costs for other wells in the area that are producing gas and income for their owner, namely, Taurus Exploration.

An explanation is in order since I cannot recall that I am obligated to pay Taurus Exploration under these circumstances.

Sincerely yours,

  
Joseph A. Sommer

1714