

**WILLOW PIPELINE
P.O. BOX 131
WEATHERFORD, OK 73096
580-772-1111
FAX 580-772-1116**

July 31, 1998

Energy, Minerals and Natural Resources
Attn: Tim W. Gum
811 S. First Street
Artesia, NM 88210

Re: Mechanical Integrity Tests

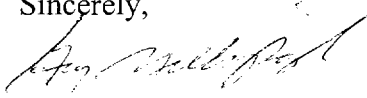
Dear Tim;

Thank you for your last consultation by telephone. It is my understanding your desire is to have all the Willow wells producing and that if I have those wells producing no mechanical integrity test is necessary.

As I related during this conversation, I am looking at the possibility of using a mechanical swabber on all wells that cannot be pumped. I have located two such machines. In talking to operators that have used these machines they contend production of marginal wells has been increased by as much as 300%. Apparently the swab passes over the perforations and keeps them open as well as agitating the formation around the wellbore.

I will keep you informed as to my progress in purchasing a machine and putting those non-producing wells back into production.

Sincerely,

A handwritten signature in dark ink, appearing to read "Gary Millspaugh", written in a cursive style.

Gary Millspaugh