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**GENERAL
CORRESPONDENCE**

YEAR(S):

2001

12360

MATADOR PETROLEUM CORPORATION

310 W. Wall, Ste. 906
Midland, TX 79701
(915) 687-5955
(915) 687-4809 Fax

Russ Mathis
Production Manager

Writer's Direct Line
(915) 687-5968

February 20, 2001

Donna Williams
New Mexico Energy, Minerals
and Natural Resources Department
P O Box 1980
Hobbs, NM 88241

RE: Site Investigation /Remediation
ULK, Sec 33, T16S, R34E
#1 State AE Lease

Dear Donna:

I wanted to drop you a quick note to let you know Matador has begun the remediation process on the above subject spill. Samples were collected from the site and sent to the lab for analysis.

During the cleanup operations it was discovered that the underlying rock was harder than expected. Due to the hardness, and bolder nature of the soil it may be more difficult and costly to remediate in place as originally proposed and planned. I am currently obtaining prices to have the soil hauled off to an OCD approved site.

I expect to have price estimates collected and evaluated by February 28, 2001. I will then be able to determine which remediation process to submit to you. I should be able to provide you with this proposal by March 15, 2001.

Should you have any questions or comments please call me in the Midland office at 915-687-5955.

Sincerely,



Russ Mathis
Production Manager

RM/dk

Diane\My Docs\State AE Remediation