

YUCCA ENERGY, INC.

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August 18, 2003

VIA FACSIMILE: (505) 393-0720

Mr. Larry Johnson
Environmental Bureau
New Mexico Oil Conservation Division
1625 N. French Drive
Hobbs, New Mexico 88240

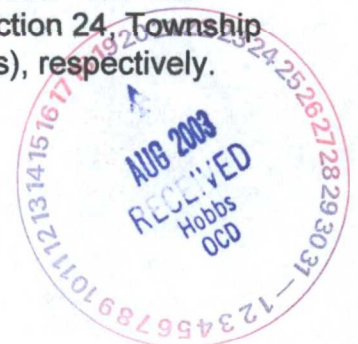
RE: Proposal for Soil Remediation, Yucca Energy, Inc. D & E and R & B
Federal Tank Batteries, Unit N (SE/4, SW/4), Section 22, Township 20
South, Range 34 East, Lea County, New Mexico

Dear Mr. Johnson:

Per your recent conversation with Ms. Cindy Crain with Larson and Associates, Inc. (LA), regarding request for water well information and remediation proposal, Yucca Energy, Inc. (Yucca) submits the following.

Depth-to-Groundwater Evaluation

A search of records for water wells was conducted using the water administration technical engineering resource system (WATERS) administered by the State of New Mexico, Office of the State Engineer. The results were included in a previous report dated May 11, 2003 (Report of Investigation of D & E and R & B Federal Tank Batteries, Operated by Yucca Energy, Inc., Section 22, Township 20 South, Range 34 East, Lea County, New Mexico). Information was only available for one well located about 1¼ mile east of the D & E and R & B Federal tank batteries (Sites) in unit F SE/4, NW/4 Section 24, Township 20 South and Range 34 East. Two additional wells were located in unit M, Section 14, Township 20 South, Range 34 East, and unit F, Section 23, Township 20 South, Range 34 East. However, no information concerning well depth or depth-to-groundwater was available for the two wells. The well depth and depth-to-groundwater reported for the well located in unit F, Section 24, Township 20 South, Range 34 East was 698 and 270 feet below ground surface (bgs), respectively.



The U.S.G.S. 7.5-minute series topographic map for the area was reviewed, and revealed a windmill (North Well) in unit letter A NE/4, NE/4, Section 22, Township 20 South, Range 34 East. The well was not listed on the WATERS database, and is located about 5,000 feet northeast of the Sites. According to the well owner, the depth-to-groundwater in the North Well is about 200 feet bgs.

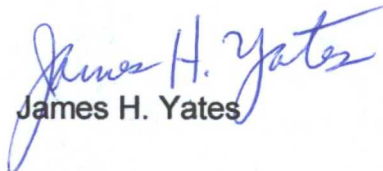
Remediation Proposal

The pit and tank battery soil contamination occurred prior to Yucca Energy's ownership of these leases (probably two owners prior). These leases are owned by four individuals that could be financially ruined by the potential expense of this remediation. Since the depth to groundwater is so deep that contamination is unlikely we propose the following for your consideration.

1. Yucca will remove the impacted soil from around the tank batteries, leaving only the tank and gun barrel pads undisturbed. These pads will be remediated at abandonment.
2. Yucca will remove the upper 2 feet of soil in the pit areas and replace with clean soil.
3. The impacted soil will be transported to a New Mexico Oil Conservation Division (NMOCD) approved disposal or treatment facility.

Thank you for your consideration of this proposal. If you have any questions or wish to discuss this proposal, please contact me at the above address or phone number or e-mail @ MAFJHY@aol.com.

Very truly yours,


James H. Yates

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