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December 17, 2004

New Mexico Oil Conservation Division
District 1
1625 N. French Drive
Hobbs, New Mexico 88240

Dear Sirs:

This letter serves as our January 2005 written compliance report. The following wells have been returned to production: Denton #1 (API #3002525495) on November 4th and Lea Unit #9 (API #3002502432) on December 8th. We also TA'd Tamano #602 (API #3001526286) in November. This well was on a separate shut-in list. We are looking at Bone Springs recompletions in the remaining 3 wells in the Lea Unit. We are still evaluating the 8 J. M. Denton wells and Hamon A Fed Com well.

Sincerely,

Scott McGraw
Operations Manager

