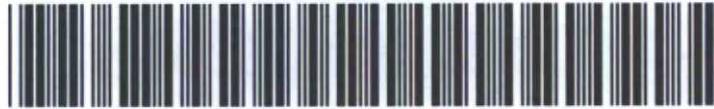




AE Order Number Banner

Report Description

This report shows an AE Order Number in Barcode format for purposes of scanning. The Barcode format is Code 39.



App Number: pGRL1106652525

1RP - 2555

PENROC OIL CORPORATION

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PO BOX 2769

HOBBS, NEW MEXICO 88241

RECEIVED

APR 19 2010
HOBBSOCD

4/19/10

Mr. Geoffry Leking

Environmental Engineer

NMOCD- Hobbs

1625 French Drive

Hobbs, New Mexico 88240

Dear Mr. Leking:

In response to your letter of April 14,2010, regarding releases on or near the Penroc State GC Well #2 C-7-22S-35E, API # 30-025-38617-00-00 and Penroc State GC Lease, State Lease No. L-6377,O-7-22S-35E tank battery, here is a plan of action to be taken by Penroc Oil Corporation:

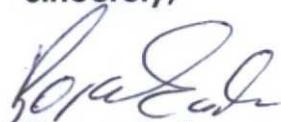
1] Flowline discharge from State GC #2 well was clamped and shut off.

2] The releases inside diked area, and outside at the GC battery could happened prior to Penroc Oil Corporation assuming ownership of the State GC lease. However, they are now the responsibility of Penroc Oil Corporation.

Mr. Merchant is currently overseas checking on his mother, who is quite ill. Upon his return, mid- May,2010, the proper paperwork and remedial actions will be completed and properly reported to the NMOCD.

Hopefully this meets with satisfaction. Should there be any questions, feel free to call.

Sincerely,


Royce Eades

Operations Manager
Penroc Oil Corporation

575-492-1236 [office]

575-390-3974 [cell]