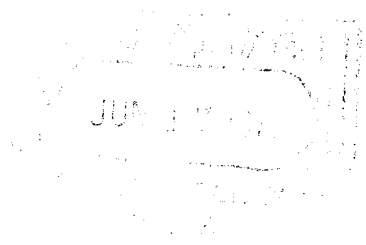


GAS & OIL EXPLORATION, PRODUCTION & DEVELOPMENT

June 14, 1977



Mr. Carl Ulvog
Supervisor, District IV
Oil Conservation Commission
State of New Mexico
P. O. Box 2088
Santa Fe, New Mexico 87501

Dear Mr. Ulvog:

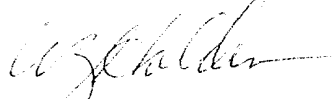
We are enclosing a copy of our letter to Mr. Jim Wright, Logan, New Mexico requesting that he cause the Cain # 2 and Cain # 3 wells to be properly marked with dry hole markers and that the Cain # 3 well be cemented to surface.

We are also enclosing copies of Mr. Wright's bill dated 6/9/77 along with his memo advising that the work has been completed.

Please cause these wells to be field inspected at your earliest convenience to permit the cancellation of our State of New Mexico \$10,000 Blanket Bond # 606B1609.

Thank you for your prompt attention.

Very truly yours,


W. Z. Holden



Conley & Associates, Inc.

GAS & OIL EXPLORATION, PRODUCTION & DEVELOPMENT

May 17, 1977

Mr. Jim Wright
Logan, New Mexico

Dear Jim:

The State of New Mexico, Oil Conservation Commission advised that the dry hole markers can not be the plastic tape but must be a welded plate containing the following information:

Conley & Associates, Inc.

Arthur Cain Lease

Cain # 3

N 4 15N, 33E

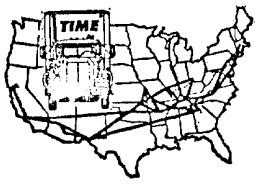
Mr. Ulvog of the Oil Conservation Commission has reported that the dry hole marker on the Cain # 2 is on location but on the ground. Please cause this marker to be affixed to the well. K 10, 15N, 33E.

The Cain # 3 well has no marker and Mr. Ulvog has reported that there is water standing in the casing. Please cause the marker to be placed on this well and cement the top of the casing. The information required for the Cain # 3 well is show above.

Very truly yours,


W. Z. Holden

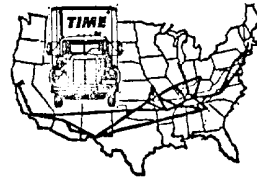
T.I.M.E.
FREIGHT, INC.



The Scheduled Transcontinental Motor Carrier

PICK UP, CALL...

T.I.M.E.
FREIGHT, INC.



The Scheduled Transcontinental Motor Carrier

PICK UP, CALL...

Conley & Assoc. EV 3-1327

att Bill.

Bill I put a goof plug in Cain #3 hope it is what they want but it is the best I know how to do. I had to make another marker for #3. Cain #2 marker was broke off, but it seemed to be broke from the cars rubbing on it.

I welded it up as good as I could do with a torch. but both markers I welded good & I Braced #3, I hope this will be satisfactory with you as well as the State of N.M. If Mr. Whrog wants to talk to me I'll be glad to talk to him.
Thanks Jim Wright

Date 6-9-77

M Conley & Assoc.
No.

| Req. No. | Clerk | ACCOUNT FORWARD |
|----------|----------------------|--------------------|
| 1 | 5 shs Cement | |
| 2 | in Cain #3 | 18 20 |
| 3 | 5' pipe | 15 00 |
| 4 | Welding on pipe | 5 00 |
| 5 | Labor put up | |
| 6 | Cain #3 Marker | |
| 7 | install 5 shs Cement | |
| 8 | with plug | |
| 9 | | |
| 10 | Weld Cain #2 | |
| 11 | marker | |
| 12 | 5 hr labor | 45 00 |
| 13 | | 15 00 |
| 14 | Helper | |
| 15 | | 198 20 |

Your Account Stated to Date - If Error Is Found Return at Once.