



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor
Joanna Prukop
Cabinet Secretary

Mark E. Fesmire, P.E.
Director
Oil Conservation Division

November 10, 2004

St. Mary Land & Exploration Company
580 Westlake Park Blvd. # 600
Houston, TX 77079
Attn: Mr. Dennis L. Goins

RE: St. Mary Land & Exploration Company: Parkway Delaware Unit development wells drilled in Eddy County, New Mexico.

Dear Mr. Goins,

In regards to our phone conversation this afternoon I would like to recap the New Mexico Oil Conservation Divisions' (NMOCD) request between you and myself for approval of the above captioned wells.

This is for your company to take samples of the drilling mud in order to determine the chloride level from surface to intermediate casing point. The NMOCD asks that sample tests be taken every (100').

I want to thank you for the measures of the testing of chloride levels that you have conducted on previous wells drilled in this area. If you still have available the results of those tests, this would be helpful for the NMOCDs' review and records.

I'll try and dig up the chloride levels that have been recorded in the Capitan Reef in the general area that you are drilling for your references.

As discussed, please e-mail me back an acknowledgment of this letter.

Respectfully yours,

Bryan G. Arrant
PES

CC: Tim Gum-District Supervisor-Artesia

PS: Better not forget: The API# for the Parkway Delaware Unit # 306 will be: 30-015-33711.
The others APDs that I have will be available soon on our website as they are 'worked' and as they are scanned in NMOCDs' website.