

Arrant, Bryan, EMNRD

To: Kem McCready

Cc: Sanchez, Daniel J., EMNRD; Brooks, David K., EMNRD; Gum, Tim, EMNRD

Subject: Tornillo 18 State # 1/API # 30-015-34137

Dear Mr. McCready or To Whom It May Concern,

Please find that the above noted well, the Tornillo 18 State # 1, has a number of compliance issues in regards to the proper filling of regulatory reports in a timely manner.

The well file information on our web site shows that the submittal of all subsequent reports (other than the submittal of subsequent reports dated 6/25/2005 and 8/09/2006), a well deviation report, a completion report and a complete set of electric logs has not been submitted.

Please submit this requested information no later than 2/09/2007.

For more information regarding New Mexico Oil Conservation Division's rules and regulations and what your company is required to submit, please go to our web site: <http://www.emnrd.state.nm.us/ocd>

As far as I am aware for this particular well, your company is out of compliance with the following rules for this well:

NMOCD Rules: 19.15.1.12; 19.15.3.111(B)(1); 19.15.13.1103(B),(C) and(D); 1105.A & 1105.B.

Please call if you have any questions regarding this matter,

Respectfully yours,

Bryan G. Arrant

NMOCD's District II Geologist

Artesia, NM

505-748-1283 ext. 103

CC: Well File

1/29/2007