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Bureau of Land Management
Farmington Field Office

November 13, 2009

Mr. Stephen Mason
Petroleum Engineer
Bureau of Land Management
1235 La Plata Hwy, Ste A
Farmington, NM 87401

Re: AXI Apache H #5, Section 31, T24N-R5W 30-039-05221
AXI Apache H #7, Section 6, T23N-R5W 30-039-05150
AXI Apache H #8, Section 5, T23N-R5W 30-039-05148
AXI Apache H #13, Section 31, T24N-R5W 30-039-05219
AXI Apache H #14, Section 6, T23N-R5W 30-039-05149
AXI Apache H #15, Section 31, T24N-R5W 30-039-05271
AXI Apache H #16, Section 6, T23N-R5W 30-039-22907

RCVD DEC 8 '09

OIL CONS. DIV.

DIST. 3

Dear Mr. Mason,

The above referenced wells last produced in August 2008. While we believe these wells are capable of production, they are shut in due to a lack of integrity in the existing pipeline. We are actively negotiating with the Jicarilla Apache tribe for a new pipeline right-of-way. We are optimistic that approval for the new right-of-way will ultimately be granted, so that these wells may be returned to productive status.

Sincerely,

Scott H. Lindsay
Reservoir Engineer
Elm Ridge Exploration Co., LLC
(505) 632-3476 ext. 202