BUSINESS PHONE 915 682-5621

HOME PHONE 915 697-1576

N. DALE NICHOLS
BOX 1972
MIDLAND, TEXAS 79702

August 20, 2001

Mr. Tim Gum
Oil Conservation Division
1301 W. Grand Ave.
Artesia, New Mexico 88201

Re: Inactive Non-Compliance Well Status

Dear Mr. Gum:

We apparently now have 15 wells which fit into the non-compliance status. Two of these have become non-compliance since our last discussion of these problems in early 2001.

Of the 15 existing wells we hope to put 12 back on producing status, plug one well and temporary abandon 2, We have acquired sufficient physical equipment to accomplish this except for some flow lines and electrical control panels.

Our biggest problem is in meeting your schedule. We have a pole pulling unit and a cable tool rig but only one crew, three men. During 2001 we have had to do remedial on 5 existing active wells to keep our production up, and are currently working on another. After this we will cease any remedial on existing active wells until we have all other well in compliance or otherwise plugged or TA.

We request your consideration of our time element and pledge to you that we will work diligently in attempting to meet your time schedule.

C-103's for P&A the Lynx well and to TA the Kyle and Avalanche Journal # 1 well will be forth coming. We wish to reserve the latter two wells for possible SWD wells.

If you desire any additional information please advise.

Yours truly,

N. Dale Nichols

N. Dale Nichols

AUG 2001
RECEIVED
OCD - ARTESIA

OCD 8
12862