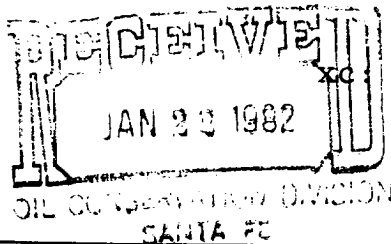


**Bennett
Petroleum
Corporation**



Mr. Carl Ulvog ✓
State of New Mexico

630 Spectrum Bldg.
1580 Lincoln Street
Denver, Colorado 80203
(303) 832-1555

January 18, 1982

Mr. Jim Snyder
Snyder Drilling Company
1507 Denver Club Building
Denver, Colorado 80202

Re: Phelps Dodge Well Nos. 2 and 5
Phelps Dodge Prospect
Colfax County, New Mexico

Dear Jim:

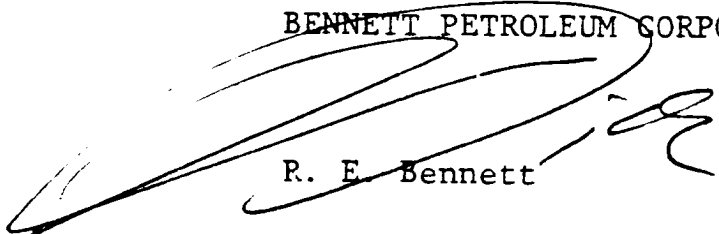
The ball is now back in your court. As you see, they are requesting you to provide them with a notarized copy of the cementing company's report on the P&A of Well No. 2. Please provide us with a copy of this and we will immediately forward it to the proper authorities.

As to the completion of Well No. 5 as a water well, you have an oil and gas lease on private property which does not grant water producing rights. I would, therefore, surmise that Phelps Dodge would not let you produce water from the land regardless of who owns the water. I also presume that the State owns the water, and I bring to your attention our last incident whereby the Water Resources Division would not let us use the water from Phelps Dodge Nos. 1 and 1-A, because the water was within a protected watershed for New Mexico.

Please response as soon as possible so we can have our bond cleared.

Very truly yours,

BENNETT PETROLEUM CORPORATION


R. E. Bennett

REB:pm

Enc