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April 5, 2005

New Mexico Energy, Minerals and Natural Resources Department
Oil Conservation Division
1301 W. Grand
Artesia, NM 88210

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QUARTER

RE: Idle Well Harrell 001 API 30-015-2650-00-00

Dear Mr. Guye:

I am writing you in response to your attached letter about the Idle Harrell 001 well. I am sorry I have not responded sooner and know I am past the corrective action date. EGL Resources has returned the Harrell well to production around the middle of March and it seems capable of producing a few barrels of oil and a few MCF per month. Our preference would be to plug the well but we do not have a pulling unit working for us in New Mexico and are not optimistic about getting one for the rest of this year if things don't change. We have quite a few wells down and could really use a pulling unit, but the larger companies have them all tied up and have thus far been unwilling to share them in any fashion. We have only one pulling rig working for us in Texas and are more than a month behind in completing new wells and have a long list of producing wells down. I know this isn't your trouble, but it is a most challenging time to try and get things done. I have also changed pumpers in the area of the Harrell well and have brought several other nearby idle wells back on too.

I hope this action on our part will be ok with the commission and we will do our best to take more prompt action in the future. Please forgive me for not taking action and responding sooner.

Sincerely,

John Starck
Engineer

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