

NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON Governor Betty Rivera Cabinet Secretary Lori Wrotenbery Director Oil Conservation Division

20 June 2002

Beach Exploration Inc. 800 N. Marienfeld Ste 200 Midland, TX 79701

RE: Red Lake Unit # 9 E-30-16-29 30-015-25557 NMOCD letter dated 7 June, 2002.

Dear Ms. Lodle,

As per the phone conversations of 19 June, 2002 and 20 June, 2002 Beach Exploration is not required to take action on the referenced letter. At this time the OCD is satisfied that Beach Exploration is operating within its authority and OCD Rules on this matter. Please accept our apologies for any inconvenience this may have caused. Thank you very much for your help in resolving this matter.

Respectfully,

Van Barton Field Rep.II