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July 23, 1997

New Mexico Oil Conservation Division
Attn: Tim Gum
811 South 1st
Artesia, New Mexico 88210

Dear Sir:

The table below shows an additional well recently drilled in the Grayburg Jackson field that has encountered a water flow during drilling operations. The figures reflect the depth and rate of original show.

| <u>Well Name</u> | <u>Location</u> | <u>Depth</u> | <u>Rate of Flow</u> |
|------------------|-----------------|--------------|---------------------|
| Fren Oil Co. #25 | Sec. 19-17S-31E | 2530' | 107 BPH |

If you have any questions or need further information, please let me know.

Sincerely,

A handwritten signature in cursive script that reads "Karen Byers".

Karen Byers
Production Technician