

**JIM PIERCE**

OIL AND GAS PROPERTIES  
SUITE 859  
PETROLEUM BUILDING  
200 WEST FIRST  
ROSWELL, NEW MEXICO 88203

PHONE 505-622-7246  
FAX 505-622-1711  
EMAIL: jplandman@dm.com

November 27, 2002

NMOCD  
1301 West Grand  
Artesia, NM 88210

Attention: Mr. Tim Gum, District Supervisor

Re: Compliance Report

~~Tenneco State #1/30-015-24904~~ - Shows Production

State "S" #2/30-015-03582 -

Leonard A State #1/30-015-03603 - ~~Noted~~

Leonard State #4/30-015-03539 -

Eddy County, New Mexico

Dear Mr. Gum:

I have been informed that my production report specialist, Ms. Jean Mann, has provided the Amended C-115's reflecting the production on the Tenneco State #1 well, which had previously been omitted, bringing this well into compliance.

We have made arrangements, through Morexco, Inc., my new field operations representative, to plug and abandon the Leonard "A" State #1 well. Hopefully this has been accomplished as of the date of this letter. "Morexco" will be providing all necessary documentation to you directly.

Per the previous correspondence dated October 15, 2002, "Eastland Oil" has not, to date, committed to converting the remaining wells to water injection/disposal, as anticipated.

We, therefore, will attempt to produce these state wells. Again, "Morexco" will provide all proposed actions for approval. I understand that additional equipment has been ordered, and that the required service companies have been notified.

We appreciate your help and consideration in this matter.

Please contact me should you have questions, need additional information, or have further instructions.

Truly,  
  
Jim Pierce, RLP

JP

Xc: Morexco, Inc.