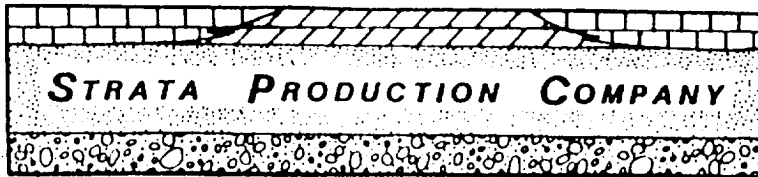


GEORGE L. SCOTT, JR.
FRANK S. MORGAN
JAMES G. McCLELLAND



648 PETROLEUM BLDG.
ROSWELL, N.M. 88201
(505) 622-1127
(505) 622-5891

November 1989

DEC 18 '89

O. C. D.
ARTESIA, OFFICE

To: Offset Operators
Marathon
Hondo Oil & Gas, Inc.
Dryx Energy Corporation
Siele Oil & Gas, Inc.
Santa Fe Energy

Re: Notification of Deviated Wellbore
Chaparral State # 1
Sec. 32, T-19-S, R 29-E
Eddy County, New Mexico


Gentlemen:

Enclosed you will find a copy of Form C-101 (APD) submitted to the State of New Mexico concerning the sidetracking of the above mentioned well.

In a recent re-entry of this well, Strata made an unsuccessful attempt to get into a casing stub at 6069'. After evaluation, it is Strata's intention to sidetrack by setting a cement plug over the stub and directionally drilling around the obstruction. The new bottom hole location should be approximately 1880' FNL & 860' FWL. (See enclosed diagram)

Please indicate your approval of this operation by signing and returning a copy of this notice to Strata at the letterhead address or via telefax at (505) 623-3533.

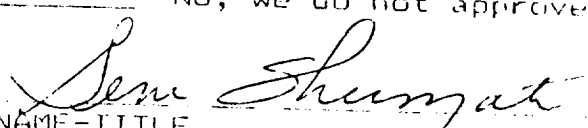
Best Regards,


James G. McClelland
Vice President - Administration
505-622-1127

PLEASE EXECUTE AND
RETURN THIS COPY

☒ Yes, we approve, please continue.

☐ No, we do not approve, please contact me.


NAME-TITLE

Gene Shumate, Vice President Land

SIETE OIL & GAS CORPORATION
COMPANY