

TEXAS-NEW MEXICO PIPE LINE COMPANY

May 30, 1997

Mr. Jerry Sexton  
NM Oil Conservation Division  
PO Box 1980  
Hobbs, NM 88241

Re: Penwell Energy  
W. Shugart 30 Fed. Lease  
Sec. 30, T18S, R31E  
Eddy County, NM

Dear Mr. Sexton:

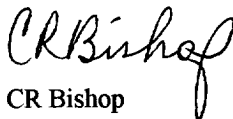
Penwell Energy has advised us they plan to apply for permission to install and operate a LACT unit on the following lease:

West Shugart Fed. 30 Lease  
Sec. 30, T18S, R31E  
Eddy Co., NM

Texas New Mexico Pipe Line Co. will gather the production from this facility and supports the operator's application for a LACT unit. Please direct any correspondence regarding this unit to our San Angelo office.

Texas New Mexico Pipe Line Co.  
PO Box 60028  
San Angelo, Texas 76906

Sincerely,

  
CR Bishop

xc: JTJ  
BDC  
File  
Penwell Energy