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August 10, 1993

Bureau of Land Management  
P.O. Box 1778  
Carlsbad, NM 88220  
Attn: Jim Amos

Re: NM0556290; Canter Fed.#3  
NENE, Sec. 10, T20S, R29E  
Eddy County, New Mexico

NM0556290; Gila Fed. #2  
NWSE, Sec. 9, T20S, R29E  
Eddy County, New Mexico

Gentlemen:

In answer to your letter dated July 21, 1993, I plan the following procedure:

- 1.) The Gila Fed.#2 was re-entered by Siete Oil & Gas to 3552'. 8-5-8" casing was originally set at 3210' and cemented to the surface. This was an old hole drilled by Texas Oil & Gas and depleted in the Morrow. Siete Oil & Gas re-plugged w/70sx of 4% S-1 cement and re-entered with 7-5/8" bit and drilled out to 3177', then perfed with 11 shots from 3122'-3127', acidized with 1000 gal and followed with 13,000 gal. frac and 28,000# of sand. The well made nothing but water.

Siete refused to drill deeper and I asked them to weld a steel plate on the casing at the top of the hole and turn the lease back to Williamson and the other operators who had farmed out to them.

I am now trying to get the well into a temporary abandonment status until the time that the original owners can re-enter and try for production in lower Delaware Sands, which are producing in the section below section 9. I plan to set a pot metal Halliburton plug (drillable) with 5 sx of cement on top, pressure up, and if the casing holds, fill the hole with K.C.L. wtr. and re-weld the plate on the top of the 8-5/8".