

Tuesday, November 30, 1999



Mr. Tim Gumm
New Mexico Oil Conservation Division
811 South First Street
Artesia, New Mexico 88210

RE: Pecos 32 "L" State Com. #2, Section 32, T20S, R27E, Eddy County, NM

Dear Tim,

Attached is a form C-101 application to drill the subject well. This particular well is a little out of the ordinary. Because of the bottom hole location's proximity to the Pecos River and it's low elevation, and the Bureau of Reclamation (BOR) elevation stipulations, this has to be a directional well drilled from a surface location that is above the BOR's minimum elevation. The well's proposed surface location is on BOR land and the bottom hole location is on Fee land. It appears that both locations fall within the BOR's authority.

I have been in contact with Salomon Arreola at the BOR in Albuquerque [(505) 248-5393] trying to figure out how we can get approval to drill. I am sending a copy of this C-101 along with a copy of the Federal APD, form 3160-3, to Mr. Arreola for his review. In my last conversation with Mr. Arreola, he indicated he would work on approving the drilling of this well on his end as you worked to approve the well on your end.

If there is any other information that you require before you approve this application please contact me at the number above.

Best Wishes,

A handwritten signature in cursive script that reads "Walter M. Frank".

Walter M. Frank
District Engineer