

Torreon Oil Company

1316 Juniper Lane,
Fort Worth, TX 76126

817-249-2675
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November 14, 2005



Mr. Charlie T. Perrin
Oil Conservation Commission
1000 Rio Brazos Road,
Aztec, NM 87410

30-043-05066

30-043-20925

Re: San Luis Federal Leases SF 088160-F and SF 081161-A

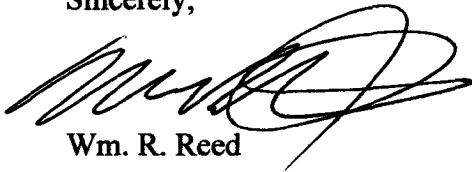
Dear Mr. Perrin:

Today we have submitted to the Bureau of Land Management Sundry Notices proposing that Well #12 be plugged, and have suggested the time frame to complete the work by March 31, 2006. We want to complete the work before then, provided the necessary approvals arrive before the onset of winter. A very difficult winter might extend that date a short period of time. We will keep you advised.

Included in our submittal was a plan to place Well No. 19 into production for a test period of 60 to 90 days but recognizing that the water produced will be fresh water presenting freezing problems. Therefore, it may not be practical to begin the test period until April 15, 2006. It has been sound practice to discontinue production of wells on the lease that produce high quantities of water about November 15 and resume by April 15, which we will do this year also. Our proposal to the BLM included the pledge that "if the well does not produce a reasonable amount of oil it will be plugged and the site restored promptly following the test."

Please give this your consideration and let us know if this can meet your needs as well.

Sincerely,



Wm. R. Reed

cc - Loyce R. Reed, Trustee

WRR/s