

**Noel & Ann Reynolds  
LIVING TRUST,  
Loyce R. Reed, Trustee  
1316 Juniper Lane,  
Fort Worth, TX 76126  
817-249-2675**

**Fax 817-249-2628**

**Cell 817-996-9342**

January 27, 2006

Stephan Mason  
Bureau of Land Management  
1235 La Plata Hwy.,  
Farmington, NM 87401

Re: SF 081160F, San Luis Federal WW #1, API #3004320143

Dear Stephan:

This well has been retained as a source well for injection water under consideration for a waterflood, together with other wells on leases SF 081160F and SF 081161A. We have been delayed for some time by unwarranted legal delays regarding Mr. Reynolds' estate. Recently some progress has been made that should permit us to achieve some resolution to the estate during 2006.

We have received information that there is a proposed requirement that all produced water be injected into some type of disposal well. We do not have much information about the timing of this development, however, should it come into effect, this well certainly would be a good candidate for a disposal well. It possibly could be a repository for more water than we are likely to produce from these two leases.

We request permission to maintain this well in its current status until the end of 2006, in order to evaluate the merits of using the well for a disposal well if we are not able to use the water in an injection system during that time frame.

We will try to keep you informed as we make progress.

Sincerely,

Noel and Ann Reynolds Living Trust

*Loyce R Reed*

Loyce R. Reed, Trustee

LRR/wrr

Well plans must be submitted before  
12/31/06. Well is to be returned to an  
active status or plugged.



*Stephan Mason*  
*[Signature]*

**FEB 14 2006**

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OTO FARMINGTON, NM