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April 4, 2005

New Mexico Oil Conservation Division
District 1
1625 N. French Drive
Hobbs, New Mexico 88240



Re: April Compliance Report

The Denton #4 (API #3002505278) was TA'd on March 10, 2005 and the Denton #2 (API #3002505276) was TA'd on March 12, 2005.

The Lea Unit #5 (API #3002505279) was recompleted to the Bone Springs and is now on pump. We will be filing completion papers as soon as the well cleans up.

We also received New Mexico Oil Conservation Division approval to test the Mississippi in the Denton #6 and are awaiting AFE partner approval to begin this work.

Sincerely,

A handwritten signature in black ink, which appears to read "Scott McGraw".

Scott McGraw
Operations Manager