



MATRIX
PRODUCTION
COMPANY

RECEIVED

MAR 16 2005
OIL CONSERVATION
DIVISION

5725 Commonwealth Boulevard
Sugar Land, Texas 77479
Phone 281-265-1212
Fax 281-265-1778

Catanach

Via Certified/Return Receipt Mail

March 16, 2005

To Affected Working Interest Owners:

Re: NOTIFICATION OF ELECTION – Compulsory Pooling
Townsend #3 Well; NE/4 SE/4 Section 10-T13S-R38E
Lea County, New Mexico
NMOCD Case No. 13419, Order R-12290

Gentlemen,

On behalf of Matrix New Mexico Holdings, LLC, and in accordance with the terms of New Mexico Oil Conservation Division Order R-12290 (enclosed), I am providing you with notice of your right to elect to participate in the above captioned well to be drilled pursuant to this order.

Our records indicate that you are an owner of a working interest in the subject 40-acre spacing unit as set forth in the enclosed pooling order. Should you desire to participate in the subject well, within thirty days from the date you receive this letter, Matrix New Mexico Holdings, LLC must receive a cashier's check from you covering your working interest share of the estimated completed well cost along with a letter signed by you agreeing to participate in this well pursuant to the enclosed pooling order. Enclosed for your information is a copy of the AFE for the subject well which sets forth estimated completed well cost. For your information, the enclosed AFE is identical to the AFE introduced at the hearing.

If you decide not to participate then you need do nothing further. In that event, Matrix will pay your share of the cost of drilling and completing the subject well and will recover its costs pursuant to the terms of the pooling order.

Yours truly,

Fred C. Bryla
Vice President

cc: Director, NMOCD – Santa Fe
(without enclosures)