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September 6, 2012

VIA EMAIL AND UNITED STATES MAIL

Mr. J. Scott Hall, Esq.
Montgomery and Andrews, P.A.
P.O. Box 2307
Santa Fe, New Mexico 87504
shall@montand.com

**RE: Tom Ragsdale
State CD No. 1 and Cockburn A State No. 5**

Dear Mr. Hall:

We are in receipt of email of yesterday's date to James Bruce, Esq. requesting an update regarding the amount of revenue in suspense attributable to Mr. Ragsdale for production from the State CD No. 1 and the Cockburn A State No. 5. Enclosed please find updated information on that issue. Also, as you are aware, Mr. Ragsdale has not paid his joint interest billings on these wells for more than two years. Although we did not take action against Mr. Ragsdale for one year, his continued refusal to pay his joint billings forced us to exercise our legal and equitable right to suspend his runs. From an accounting and operations standpoint, we prefer for all parties to settle their accounts on a monthly basis. Accordingly, we will gladly release the runs if he will pay his outstanding balance. Alternatively, if he provides written authorization, we will release his runs net of his unpaid joint interest bills.

Yours very truly,

Joel M. Carson III
General Counsel

cc: James Bruce, Esq.
Richard E. Olson, Esq.

Oil Conservation Commission
Case No. _____
Exhibit No. 24