

NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor
Joanna Prukop
Cabinet Secretary

Mark E. Fesmire, P.E.
Director
Oil Conservation Division

February 16, 2005 Pecos Production Company 400 W. Illinois, Suite 1070 Midland, TX 79701 Attn: Ms. Dora Lara

RE: Pecos Production Company: State '2' # 1, located in Unit E (1855' FNL & 660' FWL) of

Section 2, Township 19 South Range 30 East, Eddy County, New Mexico.

API # 30-015-25001

Dear Ms. Lara,

In regards to conditions for approval of the above captioned well, the New Mexico Oil Conservation Division (NMOCD) will require the following:

In addition for Pecos Production Company to follow all orders of R-12268 and the proposed procedures stated on your C101 dated 2/11/2005, the following additional measures are required:

• Operator is to set a 100' cement plug across the shoe ("50'in/50'out") on the 8 5/8" casing from @ 3930-4030' and tag this cement plug.

Respectfully yours,

Bryan G. Arrant PES

CC:

Will Jones-Hearing Examiner-Santa Fe Van Barton-Field Representative. II-Artesia

B-12268 Core 13377

Well File