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June 18, 1998

CERTIFIED MAIL RETURN RECEIPT REQUESTED

To: Persons on Exhibit A

Dear Sirs:

Enclosed is a copy of an application for administrative approval of an unorthodox well location filed with the New Mexico Oil Conservation Division by Costilla Energy, Inc. regarding a well 1650 feet from the south line and 1080 feet from the west line of Section 33, Township 16 South, Range 26 East, NMPM, Eddy County, New Mexico. The S% of Section 33 will be dedicated to the well. If you object to the unorthodox location, you must notify the Division in writing by Wednesday, July 8, 1998 (2040 South Pacheco Street, Santa Fe, New Mexico 87505).

Very truly yours,

James Bruce

Attorney for Costilla Energy, Inc.

