

PENROC Oil Corporation

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February 26, 2003

mymerch@hotmail.com

VIA E-MAIL AND FAX

Mr. James Bruce
Attorney at Law
P. O. Box 1056
Santa Fe, NM 87504-1056

Re: Application of Pogo Producing Company Pilot Pressure Maintenance Project
SE/4 Section 2, T22S, R31E, NMPM, Eddy County, New Mexico

Dear Mr. Bruce:

1-015-32440) Penroc Oil Corporation is in receipt of your letter dated February 19, 2003, along with attachments on the captioned. In order for us to do a diligent review and make a decision on the same, we would appreciate it if Pogo would either furnish us a copy of the open hole log for the State "2" Well No. 5 (proposed injection well) or let our geologist review the same at Pogo's office in Midland, Texas.

The above request is important as Pogo's proposed injection well is apparently new and logs are not publicly available. There is a concern on our part as to how as much as 6000 bwpd will be injected at approved pressure without 'watering out' our Molly State lease. It appears our lease is structurally lower, but we cannot make that determination without having access to the State "2" Well #5 logs.

The above is by no means a protest but very important in the decision-making process and protecting our rights as well as the mineral owners' rights.

Time is of the essence, and your response either by telephone, fax or e-mail at the earliest will be greatly appreciated. Phone is (505) 492-1236, fax 492-1237, e-address is mymerch@hotmail.com.

Very truly yours,


M. Y. Merchant
President

P.S. I plan to be in Midland, Texas, tomorrow (Thursday, February 27, 2003) and it will be helpful if you would expedite a review of the logs.

Cc: Mr. Glen Luff (via e-mail)
Yates Petroleum Corp. (via fax to Mr. Charles Moran)
Commissioner of Public Lands (via fax)
Oil Conservation Division (via fax)

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