

February 24, 2004

Via Fax 505-748-9720 and Mail

State of New Mexico Energy Minerals and Natural Resources Oil Conservation Division 811 South First Street Artesia, New Mexico 88210

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OCD-ARTESIA

Attention: Mr. Bryan Arrant

RE: State GQ Com #1

Eddy County, New Mexico

Delta Prospect

30-015-22894

Gentlemen:

Pursuant to Rule 118, we believe that there will not be any occurrence of H2S in connection with our operation on the referenced well. We therefore ask for an exception to rule 118 in regards to our application to re-enter.

Yours truly,

Frank M. Agar, Jr.

Member

FMAJr/dc