



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor

Joanna Prukop
Cabinet Secretary
Acting Director
Oil Conservation Division

May 10, 2004

Perenco, LLC
6 Desta Drive, Suite 6800
Midland, TX 79705
Attn: Robin S. McCarley or to Whom It May Concern

RE: Perenco, LLC's State 1624 Well No. # 291, Located in Unit C of Section 29, Township *16 South*
Range 24 East, Eddy County, New Mexico
Surface Location: 660' FNL & 1980' FEL
Bottom Hole Location: 1587' FSL & 1993' FWL

Dear Ms. McCarley or To Whom It May Concern,

In regards to the above, the bottom hole location is unorthodox per Rule 104.C.3.

This well is considered non-standard and cannot produce until an approval for a NSL is received from Santa Fe. My calculations for the come up somewhat different than the "projected to bit" calculations that have been submitted on your C-104. I calculate the bottom hole location of this well to be 1510' FSL & 1998'FWL. In, addition, why did Perenco, LLC not submit an intent to directionally drill this well as we have no record other than subsequent reports on file?

Also, in order to be in compliance with Rule 1105.A., please submit all logs ran for the horizontal portion of the well bore and a C-105 completion report.

Yours truly,

Bryan G. Arrant
PES

E-Mail: Michael Stogner, Chief Hearing Examiner-Santa Fe
Tim Gum, District Supervisor-Artesia