

PECOS RIVER OPERATING, INC.

September 21, 2004

New Mexico Energy, Minerals and
Natural Resources Department
Oil Conservation Division
1301 W. Grand
Artesia, NM 88210

RECEIVED
SEP 27 2004
OCC-ARTESIA

Attn: Mr. Phil Hawkins

RE: Inspection No. iPCH0423839275

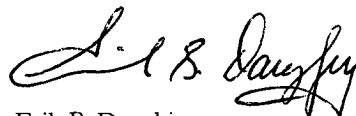
Mr. Hawkins:

Please let this letter serve as Pecos River Operating's written reply to the Notice of Violation sent by your office dated August 25, 2004. As we discussed, this violation involved a well sign on our M&M Federal #1 (API 30-005-60957-00-00) that did not reflect the current operator.

As of the date of this correspondence we have corrected the violation by indicating on the sign that Pecos River Operating is the current operator.

Should you require any additional information please do not hesitate to call me at (214) 691-3132. Thank you for your consideration.

Sincerely,



Erik B. Daugbjerg
Pecos River Operating, Inc.