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OCU-ARTESIA

January 27, 2006

30-015-33843

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

Re: Letter of Violation, Inspection No. ICLB0600943682, Geronimo Federal No. 001 and
Letter of Violation, Inspection No. ICLB0600945541, East Shugart Delaware Unit No. 23

Dear Mr. Beadle:

As follow-up to the e-mail and voice mail message on January 20, 2006, from Mr. Chuck Jones, Operations Manager, the following information is submitted.

Geronimo Federal No. 1

The production casing/surface casing annulus has been cemented from 800' to surface with 200 SX of 14.8 ppg class "C" cement and there are no surface leaks. The production tanks will be replaced to prevent leaks in the future. Expected delivery for the tanks is February 17th. The location will be remediated after the tanks are replaced. This work will be performed when the drilling pits in the area are remediated within the next 90 days. The long lead time is due to the difficulty in scheduling equipment. All of this work was discussed with the BLM.

ESDU 23

The injection rate has been choked back on 1/19/06 and the pressure is below the 1003 psi permitted pressure.

If additional information is required, please contact me at (281) 677-2772.

Sincerely,

Marcie St. Germain

Marcie St. Germain
Production Tech