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JOHNNY MULLOY  
President

JUN 22 2007

OCD-ARTESIA

June 20, 2007

State of New Mexico  
Oil Conservation Division  
1310 W. Grand Avenue  
Artesia, New Mexico 88210

RE: H2S Contingency Plan  
Sec 2 & 12, T-23-S, R-31-E  
Sec 36 T-22-S, R-31-E  
Eddy County, New Mexico

Attention: Mr. Bryan Arrant

As a representative of Reef Exploration, L.P. (Ogrid # 246083) research has been conducted to determine if H2S will be encountered while drilling the following wells:

State "2" Lease

#6	660 FNL & 660 FWL	
#7	1980 FNL & 660 FWL	30-015-35748
#8	1980 FSL & 660 FWL	30-015-35749
#9	660 FSL & 660 FWL	30-015-35750

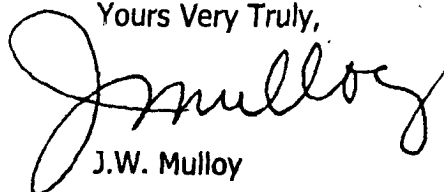
State "36" Lease

#1	660 FNL & 1980 FWL	30-015-35669
#2	460 FNL & 660 FWL	35670
#3	1980 FNL & 660 FWL	35671
#4	1780 FSL & 860 FWL	35672
#5	660 FSL & 660 FWL	35673

It was determined that no H2S would be encountered and therefore a contingency plan is not needed. This letter is being sent to you to satisfy the conditions of approval of the above requested permits.

If additional data is required, please contact the undersigned at 432-687-0323.

Yours Very Truly,

  
J.W. Mulloy