HEC Petroleum, Inc. 500 W. Illinois Midland, Texas 79701 432/498-8600



July 14, 2005

Oil Conservation Division 1301 W. Grand Ave. Artesia, New Mexico 88210

RE: Catclaw Draw Unit #19, Unit D, Section 24, Township 21 South, Range 25 East Eddy County. API# 30-015-33882

Attention: Bryan G. Arrant

Dear Mr. Arrant,

In regards to your letter dated January 11, 2005 requiring HEC Petroleum to take samples of the drilling mud to determine chloride levels. HEC regrets that no samples were able to be taken due to severe lost circulation problems in the intermediate section (350' - 1750') drilling mud did not return to surface.

If you have any questions please call me at 432/620-5602.

Sincerely,

fr. Sdl.

Anna M. Schelling Regulatory Clerk