

RICE Engineering Corporation

122 WEST TAYLOR TELEPHONE (505) 393-9174

HOBBS, NEW MEXICO 88240

October 11, 1991

Oil Conservation Division
P. O. Box 1980
Hobbs, NM 88240

Attention: Mr. Jerry Sexton - Dist. I Supervisor

Re: Vada SWD System
Lea County, NM

Gentlemen:

Rice Engineering Corporation is resigning as operator of the Vada SWD System effective November 1, 1991. As of that date, the new operator will be:

Penroc Oil Corporation
P. O. Box 5970
Hobbs, NM 88241

Penroc will assume the operations of the System, including gathering facilities and the SWD well L-3 located in NW/4 SW/4 Sec 3, T10S, R34E.

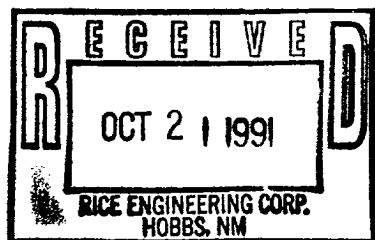
If there are any questions, please feel free to contact either party.

Yours very truly,

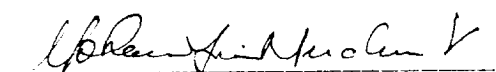
RICE ENGINEERING CORPORATION



Jerry D. Hillard
Division Manager



PENROC OIL CORPORATION


M. Y. Merchant, President

JDH/cp