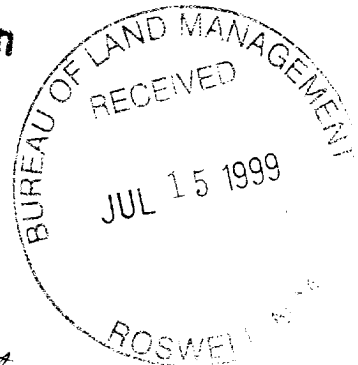


Queen Sand Operating Co., Inc.

July 9, 1999

United States Department of the Interior
Bureau of Land Management
Roswell Field Office
2909 West 2nd Street
Roswell, NM 88201

Division
NM 88241



Attn: Mr. Stan Mayo

RE: Trigg Federal Well No. 3

LC - 067496

SENE 9-145-31E, Chavez Cty., N.M.

Dear Sir,

As you are aware, a mechanical integrity test was performed on the subject wellbore which failed. We therefore propose to plug the well using the following procedure, which was developed in response to input from your staff:

1. Pull tubing and rods
2. Inspect tubing; replace unusable joints
3. Run in hole w/ CIBP on tubing & set @ 2750' +/-
4. Spot 100 sacks of cement over CIBP & trip out w/ tubing
5. Perforate @ 1200'
6. Run in hole w/ tubing & CIBP; set @ 1250'
7. Pump 100 sacks of cement, leaving some in casing
8. Trip out w/ tubing
9. Perforate @ 180'
10. Run in hole w/ tubing & CIBP; set @ 200'
11. Pump 100 sacks cement, leaving some in casing
12. Trip out w/ tubing
13. Cap well w/ 10 sacks cement at surface & set marker

Tag plug at 1100' minimum.

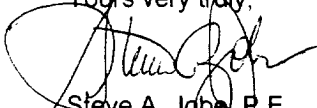
Tag plug at 80' minimum.

Since oil prices have recovered, we are evaluating the feasibility of returning some wells to production on the Rock Queen Unit. To do this will require some pulling unit work, therefore we would prefer to plug the Federal Trigg No. 3 during the same time period in order to realize some savings on unit mobilization/demobilization. I am expecting this work to take place in August, and will notify your office well in advance so that you (or one of your staff) can make plans to be present.

We sincerely appreciate your patience with us as we attempt to move forward with our long-range plans in the Caprock area. As with most producers, the recent drop in oil prices negatively impacted our corporate income and capital availability. We are hopeful that current prices will remain firm and that we can get back to work.

Please let me know if you have any questions regarding the proposed plugging procedure.

Yours very truly,


Steve A. Jobe, P.E.
Operations Manager

