

May 3, 2002

Chris Williams
Oil Conservation Division
1625 French Drive
Hobbs, NM 88210

Dear Mr. Williams:

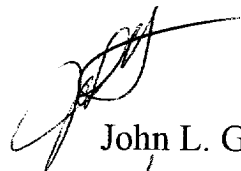
Because the leases had been cancelled, we made the necessary arraignments to nominate the lease upon which the Caudil State #1 and Caudil State SWD well are located. I have attached the Tract Nomination/Notification of Status dated 4-23-02 from the Commissioner of Public Lands for your information.

As soon as we get the lease on May 21, 2002, we are prepared to begin work immediately to place the wells on production.

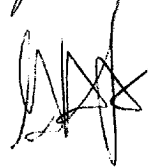
*Checking on bonds 5/10/02 -
NO-BONDS W/OCD.*

*JOHN L. GRIFFITHS
PMB 210, 13237 MONTFORT
DALLAS, TEXAS 75240*

Yours Very Truly,



John L. Griffiths



Gordon H. Johnson

