

January 19, 2000

John F. Malloy, individual
and as agent and attorney-in-fact for
John Goodrich Malloy, Paul Malloy, & Margaret Cecilia Malloy
301 Northwest 63rd, Suite 510
Oklahoma City, Ok. 73116

As required by New Mexico Oil Conservation Division Rules, I am notifying you of the following non-standard location for a well. This letter is a notice only. No action is needed unless you have questions or objections.

Trend Exploration I, LLC is applying to drill the Penju #1 oil well. Standard location must be within 150' of the center of a quarter-quarter. The well is 335' too far south and 188' too far west to qualify as a standard location. (Closest standard location is 4470 FSL and 2130 FEL.)

Well Name: Penju #1

Proposed Producing Zone: Strawn

Location: 4135' FSL & 2318' FEL Sec. 2, T. 16 S., R. 36 E.,
Lea County, NM on a private lease

Approximate Locations: ≈1 miles east of Lovington, NM

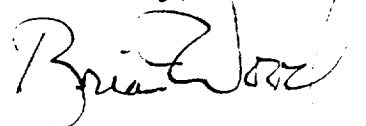
Applicant Name: Trend Exploration I, LLC (915) 687-3888

Applicant's Address: 500 North Loraine, Suite 1130, Midland, Tx. 79705

Submittal Information: Application for a non-standard location will be filed with the NM Oil Conservation Division. If they determine the application complies with the applicable regulations, then it will be approved. The New Mexico Oil Conservation Division address is 2040 S. Pacheco, Santa Fe, NM 87504. Their phone number is (505) 827-7131.

Please call me if you have any questions.

Sincerely,



Brian Wood