HEYCO

PETROLEUM PRODUCERS



HARVEY E. YATES COMPANY

P O. BOX 1933

ONE SUNWEST CENTRE

NTRE 505 623 6601 FAX 505 622 4221 ROSWELL, NEW MEXICO 88202 1933

May 25, 1989

Mr. Hershel Caviness Caviness Cattle Company A Star Route Maljamar, New Mexico 88264

RE: EWT 1 Federal #2 1650' FSL & 1650' FEL Sec. 1, T18S, R32E Lea County, New Mexico

Dear Mr. Caviness;

Enclosed please find a check to cover damages on the captioned well.

We are planning to drill the well and build about 700' of road. The caliche will be obtained from the pit located next to the location. We will clean up the pit area and location if the well is not successful.

If you have any questions, please do not hesitate to call.

Sincerely yours,

Dan Girand Contract Administrator

DG/vt