

CAPATAZ OPERATING, INC.
P.O. Drawer 10549
Midland, Texas 79702
(915)620-8820 / fax (915)620-8842

December 4, 2000

New Mexico Oil Conservation Division
1625 N. French Dr.
Hobbs, New Mexico
Attn: Permits

Re: Capataz Operating, Inc.
#1 Redtag
2-20S-38E, Lea Co., N.M.

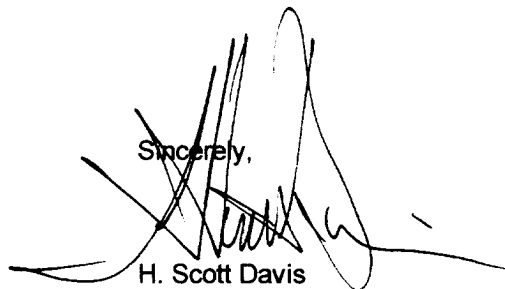
Dear Donna,

The enclosed C-101 seeks to permit our #1 Redtag at a non-standard location. The well was originally staked 2310' from the south and east lines of section 2. This standard location fell within the interior of one of the City of Hobbs effluent water pits. By moving the location north 150' we can get outside of the pit and should still have sufficient room to build our location. I have discussed this issue with Chris and he knows to expect the arrival of this permit.

If I can provide you with any additional information regarding this well and it's location please give me a call at the above number.

Thank you for your assistance.

Sincerely,



H. Scott Davis

ELF

ABOVE DATE DOES NOT
INDICATE WHEN
CONFIDENTIAL LOGS
WILL BE RELEASED