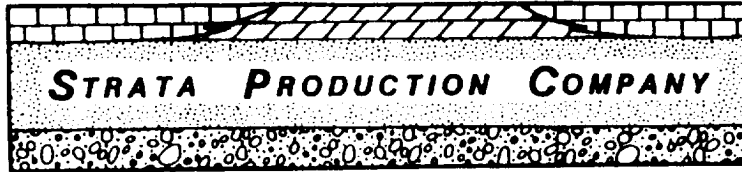


GEORGE L. SCOTT, JR.
FRANK S. MORGAN
JAMES G. MCCLELLAND



648 PETROLEUM BLDG.
ROSWELL, N.M. 88201
(505) 622-1127
(505) 622-5891

June 24, 1991

CERTIFIED/RETURN RECEIPT REQUESTED
ARTICLE # P 340 891 287

To: Collins & Ware
Attn: Ted Collins
701 Hightower
Midland, TX 79701

Re: Salt Water Disposal well
Diamondtail Delaware Field
Cuervo Federal #1
Section 14, T-23-S, R-32-E
Lea County, New Mexico

Gentlemen:

You are the operator of an oil and gas lease within one-half mile of the Cuervo Federal #1 well, located 1980 feet FSL and 1980 feet FEL of Section 14, T23S, R32E, Lea County, New Mexico.

Strata Production Company is making Application to the New Mexico Oil Conservation Division for authority to convert this hole to a water disposal well for the re-injection of water produced in the Diamondtail Delaware field into porous zones in the Delaware formation.

Consequently, and pursuant to the rules and regulations of the NMOCD, I am enclosing a copy of the NMOCD form C-108 which is the Application for Administrative Approval of the injection well and authority to inject water.

If you object to this Application, or feel that a public hearing is necessary, please contact the NMOCD, P.O. Box 2088, Santa Fe, NM 87504-2088. You may also contact Mr. James G. McClelland, Strata Production Company, 648 Petroleum Bldg., Roswell, NM 88201, telephone 505-622-1127.

If you have no objections to the above mentioned Application, please sign one copy of this letter in the space provided and return to the undersigned.

Thank You.

Yours very truly,

A handwritten signature in black ink, appearing to read "James G. McClelland", is written over a horizontal line. Below the signature, the name "James G. McClelland" is printed in a standard serif font.

James G. McClelland

We have no objections to the Application:

Collins & Ware:

By _____
Dated _____