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CLIENT #: 02100

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TO: David K. Brooks

(505) 476-3462

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April 2, 2003

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David K. Brooks, Esq.
Assistant General Counsel
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, NM 87505

Re: Principal: Walter W. Anderson
Bond No.: AR 71361-96
Obligee: State of New Mexico

Principal: Hulen H. Lemon
Bond No.: AE 71346-25
Obligee: State of New Mexico

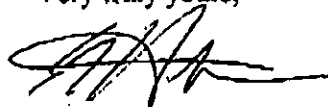
Dear Mr. Brooks:

Sent exhibit 4/14/03

This letter follows our recent telephone conference and confirms that this firm represents American Employer's Insurance Company ("AEIC") and OneBeacon Insurance relative to these claims. We are in the process of investigating the demand made by the New Mexico Oil Conservation Division (the "Division") regarding the bonds. Thank you for forwarding copies of the bonds. Please let this letter also serve as AEIC's written request for copies of all Division files and documents relating to the above-referenced bonds and wells that have not been previously provided to OneBeacon Insurance. I will contact you once we have had an opportunity to review the materials provided by the Division.

Please note that, as always, AEIC reserves and does not waive all of its rights and defenses under the bonds and applicable law. Please give me a call if you have any questions. Thank you for your anticipated cooperation.

Very truly yours,



Eric H. Loeffler

cc: Mr. Martin Cohen
CharCretia V. DiBartolo, Esq.

283337-02100-0029