



OLD REPUBLIC

**Old Republic Surety Company
Old Republic Insurance Company
Bituminous Casualty Corporation
International Business & Mercantile REassurance Company**

445 South Moorland Road, Brookfield, WI 53005
P.O. Box 1635, Milwaukee, WI 53201
Phone: (262) 797-2640 / Fax: (262) 797-9495
www.orsurety.com

December 18, 2002

David K. Brooks, Esq.
Assistant General Counsel
New Mexico Energy, Minerals and
Natural Resources Department
1220 South St. Francis Drive
Santa Fe, NM 87505

Re: **Claim No.: 35648**
Bond No.: LSC 464743
Principal: Shanley Oil Company
Company: Old Republic Surety Company

Dear Mr. Brooks:

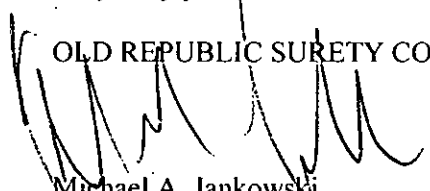
This will acknowledge receipt of a copy of your letter dated December 9, 2002 to Northwestern National Insurance Company of Middletown, Ohio. That letter was sent to the attention of Hugh Greene.

Enclosed is a copy of my letter to you dated October 7, 2002 at which time I described the relationship between Northwestern National and Old Republic. In that letter I asked that all future correspondence be directed to my attention. I would, once again, ask that future correspondence regarding any potential claims against the above bond be directed specifically to my office.

Be further advised that I am continuing my efforts to contact our principal regarding this matter. In the meantime, Old Republic must reserve all rights claims and defenses that it has under the bond and the law in general.

Very truly yours,

OLD REPUBLIC SURETY COMPANY


Michael A. Jankowski
Sr. Vice President, Claims
262-797-2644
MAJ/beh Enclosure
P. S.

By the way, could you please forward to this office a copy of the bond in question.

Thank you for your help. MAJ

cc: Mr. Hugh W. Green, Jr.
Northwestern National Insurance Company
709 Curtis Street
Middletown, OH 45044

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October 7, 2002

David K. Brooks, Esq.
Assistant General Counsel
New Mexico Energy, Minerals and
Natural Resources Department
1220 South St. Francis Drive
Santa Fe, NM 87505

Re: **Claim No.: 35648**
Bond No.: LSC0464743
Principal: Shanley Oil Company
Company: Old Republic Surety Company

Dear Mr. Brooks:

This will acknowledge receipt of a copy of your letter dated September 24, 2002 to Shanley Oil Company of Dallas, Texas and Northwestern National Insurance Company in Middleton, Ohio.

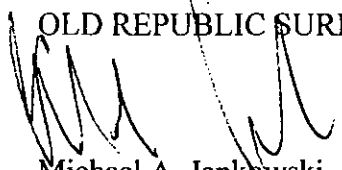
Be advised that on January 1, 1986 pursuant to an agreement between Northwestern National and Old Republic Surety Company, Old Republic purchased all surety bonds that Northwestern National had "in force" at that time. As a result, all future correspondence should be directed to my attention.

I will be attempting to contact our Principal regarding this matter. In the meantime, please keep me advised as to the status of the administrative action now pending against Shanley Oil Company.

If you have any further questions, please feel free to contact me at your convenience. Of course, Old Republic must reserve all rights, claims and defenses it has under the bond and the law in general.

Very truly yours,

OLD REPUBLIC SURETY COMPANY



Michael A. Jankowski
Sr. Vice President, Claims
262/797-2644 MAJ/csh