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12 November 2001

FACSIMILE TRANSMISSION505/476-3462

Mr. David Brooks
Assistant General Counsel
New Mexico Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Re: Case No. 12771 - Prairie Sun, Inc.

Dear Sir:

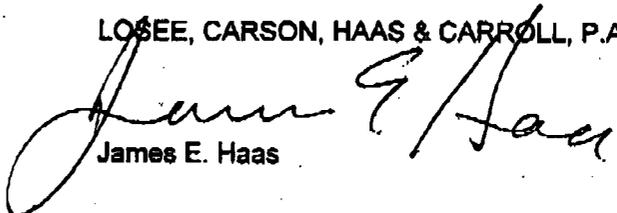
On today's date, we received from our client, Prairie Sun, Inc., a copy of the notice concerning captioned case. Prairie Sun, Inc. is listed as a party in the notice as to the Gulf-McKay Federal No. 1 (API No. 30-025-25471) and the Morgan Federal No. 1 (API No. 30-005-20667). According to our information, the Gulf-McKay Federal No. 1 well was placed back on a producing status in July or August of this year and produced and sold at least 300-400 barrels in the month of August. There have been some ensuing mechanical difficulties in the months of September and October; however, the well was producing approximately 25 barrels of oil per day as of about a week ago. The Morgan Federal No. 1 well is a Morrow gas well, which has been shut-in due to a lack of pipeline connection. The former pipeline which purchased gas from the well has ceased operating the line used to sell gas from this well. The BLM is maintaining this well, and efforts are being made to obtain a new pipeline connection.

We believe that the date for filing an entry of appearance, response or any other material in response to the captioned notice has now passed. However, in light of the facts set out above, we would like to know if there is some mechanism by which we can have this case continued as to the Prairie Sun wells in order that we can produce the documentation supporting the facts set out above, which in turn will hopefully allow for these wells to be dismissed from this action.

We would appreciate your letting us know by telephone as soon as possible.

Respectfully yours,

LOSEE, CARSON, HAAS & CARROLL, P.A.


James E. Haas

JEH:scp
Enclosures

xc: Prairie Sun, Inc.