

CETRULO & CAPONE LLP

COUNSELLORS AT LAW

TWO SEAPORT LANE

BOSTON, MASSACHUSETTS 02210

TELEPHONE (617) 217-5500

FACSIMILE (617) 217-5200

SENDER'S DIRECT DIAL (617) 217-5373

SENDER'S E-MAIL ADDRESS: ELoeffler@cetcap.com

April 2, 2003

**PROVIDENCE, RHODE ISLAND
TELEPHONE (401) 274-7850**

**YARDLEY, PENNSYLVANIA
TELEPHONE (215) 579-5600**

**NEW YORK, NEW YORK
TELEPHONE (212) 635-2230**

(VIA FACSIMILE (505) 476-3462 & FIRST CLASS MAIL)

RECEIVED

APR 07 2003

**OIL CONSERVATION
DIVISION**

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**

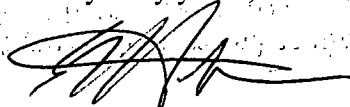
**Principal: Hulen H. Lemon
Bond No.: AE 71346-25
Obligee: State of New Mexico**

Dear Mr. Brooks:

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.



SENDER: COMPLETE THIS SECTION

COMPLETE THIS SECTION ON DELIVERY

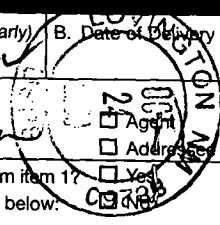
NEW

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GARY E. JOHNSON
 Governor
Jennifer A. Salisbury
 Cabinet Secretary

1. Article Addressed to:
*Gene Samberson
 Heidel Samberson Newell
 + Cox
 PO Drawer 1599
 Louington NM 88260*

October 19, 2000

Walter W. Anderson
 PO Box 301
 Caprock, NM 88213

RE: S.E. Anderson Estate # 1
UL B, Sec. 30, T9S, R35E

2. Article Number (Copy from service label)
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PS Form 3811, July 1999 Domestic Return Receipt 102595-00-M-0952

Gentlemen:

During a review of compliance correspondence it has come to our attention that we have not received any replies to our letter dated January 26, 2000 concerning the future disposition of the above referenced well. The following options are available regarding the future disposition of this well.

1. Restore the well to production
2. The well to be temporarily abandoned in accordance with NMOCD Rule 203
3. The well to be Plugged and Abandoned in accordance with NMOCD Rule 202

To avoid further action on this well the NMOCD request that you respond to this letter no later than November 18, 2000. If you do not respond will have no choice but to refer this well to the NMOCD attorney to schedule a Show Cause Hearing to capture the surety bond and to plug the well.

Very Truly yours
 OIL CONSERVATION DIVISION

Billy E. Prichard
 Deputy Inspector, District 1

BEP

- CC:
- Chris Williams
 - Gary Wink
 - Sylvia Dickey
 - Lyn Hebert- NMOCD attorney
 - Gene Samberson
 - file

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