

United Oil & Minerals Limited Partnership

1001 Westbank Drive, Austin, Texas 78746

July 8, 2003

VIA Fax (505) 476-3462

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

RE: Order No. R-11934; Case No. 12811

Dear Mr. Brooks,

Your letter of July 1, 2003 has been received in our office and states that you have not received our payment of civil penalty in the amount of \$6,000 subject to the referenced Order and Case. Please find attached a copy of a cover letter and check delivered to the OCD on June 13, 2003 at 10:20 AM, signed for by Penny. I have traced the check and find that it has not been presented to Wells Fargo for payment. I am not sure what has happened but will be happy to cancel that check and send another if you think it has been lost. Please contact me when you receive this letter so we can discuss.

Sincerely,



Mary Curless Patton, P.E.
Regulatory Coordinator

(512) 328-8184 Phone

(512) 328-8186 Operations Fax



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop
Cabinet Secretary

July 1, 2003

Lori Wrotenbery
Director**Oil Conservation Division**

United Oil & Minerals Limited Partnership
1001 Westbank Dr.
Austin, TX 78746

Re: Order No. R-11934; Case No. 12811

Ladies and Gentlemen:

Pursuant to the terms of the referenced order which was entered by the New Mexico Oil Conservation Division on May 14, 2003, you were required to pay a civil penalty in the amount of \$6,000 on or before July 13, 2003 by reason of your failure to bring certain wells specified in that order into compliance with OCD rules prior to the hearing of the referenced case on March 22, 2002.

Our records indicate that we have not received payment from you of the penalty described above.

The time for appeal of this order to the Oil Conservation Commission expired on June 13, 2003. If we do not receive payment of this penalty on or before July 15, 2003, the OCD staff will recommend to the director that suit be instituted against you to collect this amount.

If you have questions, please contact me at (505)-476-3450

Very truly yours,

David K. Brooks
Assistant General Counsel

cc: Tim Gum, OCD Artesia



1001 Westbank Drive
Austin, Texas 78746

**United Oil & Minerals
Limited Partnership**

June 12, 2003

New Mexico Oil Conservation Division
Attention: Lori Wrotenbery, Director
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

VIA OVERNIGHT MAIL – UPS Tracking #1Z F7F 985 01 9374 5732

RE: Case No. 12811
Order No. R-11934

Dear Ms. Wrotenbery,

Please find attached our certified check #0387905091 for six-thousand dollars (\$6,000) in payment of civil penalty assessed in the referenced Order.

United Oil & Minerals, L.P. understands that six (6) wells that the Company operates are non-compliant with Division Rule 201.B. We further understand that these wells will need to be brought into compliance before August 14, 2003 by either: i. restoring these wells to Division-approved beneficial use; ii. properly plugging and abandoning, or; iii. securing Division authority to maintain these wells in temporary abandonment status.

United is aggressively working toward correcting this matter as quickly as possible. We have just begun investigating the status of these wells after receiving the Order that was mailed to United on June 2, 2003. If these inactive wells, all of which are injection wells, cannot qualify for temporary abandonment status, they will be properly plugged and abandoned. Due to the extra time needed to complete plugging and abandonment operations, United respectfully requests a 30-day extension to the time to bring the wells into compliance.

I appreciate your considering this request and letting us know your decision. If you have any questions, please feel free to contact me at (512) 328-8184.

Sincerely,

Mary Curliss Patton, P.E.
Regulatory Coordinator

Enclosure

Tel: (512) 528-8184 Fax: (512) 528-8189
A Subsidiary of The United Company

03873 11-24
Office AU # 121008

OFFICIAL CHECK

SERIAL #: 0387905091
ACCOUNT#: 4881-505725

Purchaser: UNITED OIL AND MINERALS INC
Purchaser Account: 5906091951
Operator I.D.: nmtx5024

June 11, 2003

PAY TO THE ORDER OF ***NEW MEXICO OIL CONSERVATION DIVISION***

Six thousand dollars and no cents

***\$6,000.00**

WELLS FARGO & COMPANY ISSUER
420 MONTGOMERY STREET
SAN FRANCISCO, CA 94103
PAYABLE AT WELLS FARGO BANK TEXAS, N.A.
FOR INQUIRIES CALL (480) 394-3122

NOTICE TO PURCHASER-IF THIS INSTRUMENT IS LOST,
STOLEN OR DESTROYED, YOU MAY REQUEST CANCELLATION
AND REISSUANCE. AS A CONDITION TO CANCELLATION AND
REISSUANCE, WELLS FARGO & COMPANY MAY IMPOSE A
FEE AND REQUIRE AN INDEMNITY AGREEMENT AND BOND.

VOID IF OVER US\$ 8,000.00

NON-NEGOTIABLE

Purchaser Copy

110004

03873 11-24
Office AU # 121008

0387905091

Operator I.D.: nmtx5024

June 11, 2003

PAY TO THE ORDER OF ***NEW MEXICO OIL CONSERVATION DIVISION***

Six thousand dollars and no cents

***\$6,000.00**

VOID IF OVER US\$ 8,000.00

WELLS FARGO & COMPANY ISSUER
420 MONTGOMERY STREET
SAN FRANCISCO, CA 94103
PAYABLE AT WELLS FARGO BANK TEXAS, N.A.
FOR INQUIRIES CALL (480) 394-3122

Richard King
CONTROLLER

0387905091 12100024804861 505725



United Parcel Service

DELIVERY NOTIFICATION

Dear Customer,

This is in response to your request for delivery information concerning the shipment listed below.

Tracking Number: 1Z F7F 985 01 9374 573
2
Service Type: NEXT DAY AIR
Shipped or Billed on: Jun 12, 2003
Delivered on: Jun 13, 2003 10:20 A.M.
Delivered to: SANTA FE, NM, US,
Signed by: PENNY
Location: OFFICE

Thank you for giving us this opportunity to serve you.

Sincerely,
United Parcel Service

Tracking results provided by UPS: Jul 8, 2003
9:37 A.M. Eastern Time (USA)