

# KELLAHIN & KELLAHIN Attorney at Law

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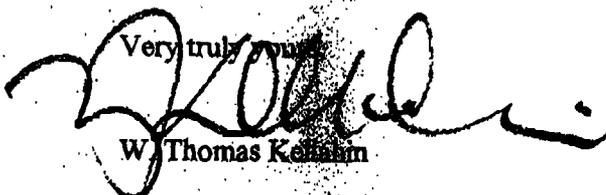
VIA FACSIMILE

Mr. David R. Catanach  
Hearing Examiner  
Oil Conservation Division  
1220 South Saint Francis Drive  
Santa Fe, New Mexico 87505

Re: NMOCD Case 13064

Dear Mr. Catanach:

On behalf of Apache Corporation I have received a draft order from Mr. Feldewert, attorney for Paladin Energy Corporation. While neither Apache nor I have reviewed this proposed order, I wish to inform you that Apache that it believes it has reached a settlement with Paladin and therefore does not object to Paladin's application heard by you on May 22, 2003.

Very truly yours,  
  
W. Thomas Kellahin

Cc: Counsel of record