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April 30, 1997

VIA FACSIMILE AND FIRST CLASS MAIL

Mr. William J. LeMay
New Mexico Oil Conservation Division
2040 S. Pacheco
Santa Fe, New Mexico 87504

Re: Oil Conservation Division Case No. 11713:
Application of Bass Enterprises Production Company and Santa Fe Energy Company
for the Rescission of Division Administrative Order No. NSL-3745, Eddy County,
New Mexico

Oil Conservation Division Case No. 11758:
Application of Bass Enterprises Production Company to Drill and for Simultaneous
Dedication, or, in the Alternative, Simultaneous Dedication and for an Unorthodox
Gas Well Location, Eddy County, New Mexico

Dear Mr. LeMay:

On April 30, 1997, I received a copy of a letter dated April 28, 1997, signed by Paul R. Owen of the Campbell, Carr, Berge & Sheridan Law Firm conveying Mewbourne Oil Company's proposed Order in the above-referenced cases pertaining to the February 20, and April 3, 1997, Examiner hearings. At the conclusion of the April 3, 1997, hearing, Mr. Carr and I agreed that we would decide on a date for the submission of the proposed orders. This was done because of Mr. Carr's representation that he thought he could settle the dispute between Mewbourne and Bass. I had several subsequent conversations with Mr. Carr in which he again indicated that he thought he could settle the case and thus obviate the need for submitting a proposed order. Mr. Carr was advised that I was going to be out of the office from April 17, until April 28, 1997, for personal and medical reasons. Just prior to my leaving on April 17, I attempted to contact Mr. Carr to see what the status of his settlement attempts were. Mr. Carr did not return my telephone calls.

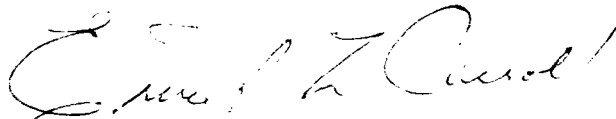
Receipt of the proposed order came as a complete surprise this morning. I am going to take the receipt of said letter as an indication that settlement is not possible. Because I have not worked on the proposed order and because of my being out of the office I am hereby giving notice that Bass

Mr. William J. LeMay
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intends to file its own proposed order with reference to the captioned cases and that I will do so in seven days from today's date.

Very truly yours,

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



Ernest L. Carroll

ELC:kth

~~Encl.~~

xc w/encl: Mr. David Catanach
Mr. Michael Stogner
Mr. William F. Carr
Mr. J. Wayne Bailey, Bass Enterprises Production Co.