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W. THOMAS KELLAHIN*

*NEW MEXICO BOARD OF LEGAL SPECIALIZATION
RECOGNIZED SPECIALIST IN THE AREA OF
NATURAL RESOURCES-OIL AND GAS LAW

JASON KELLAHIN (RETIRED 1991)

January 20, 1998

VIA FACSIMILE

Mr. Michael E. Stogner
Hearing Examiner

Rand Carroll, Esq.
Division Attorney

Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87505

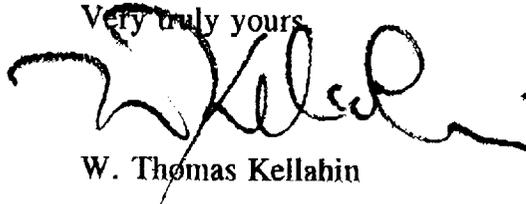
Re: NMOCD Case 11900
Application of Yates Petroleum Corporation
to Rescind Manzano's Order SWD-657
Lea County, New Mexico

Gentlemen:

This morning, Ernest L. Carroll, attorney for Yates Petroleum Corporation, advised me that Yates would be willing to dismiss the referenced case if UMC Petroleum Corporation and Manzano Oil Corporation are able to reach a settlement satisfactory to those two companies.

Accordingly, Mr. Carroll and I have agreed to request that the Division not take action on Manzano's motion to dismiss and to continue this case for 30 days to the February 19, 1998 docket in order to provide an opportunity for settlement.

Very truly yours,



W. Thomas Kellahin

cfx:

Ernest L. Carroll, Esq.
Attorney for Yates Petroleum Corporation
Manzano Oil Corporation
Attn: Ken Barbe



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

January 20, 1998

Losee, Carson, Haas & Carroll
Attn: Ernest L. Carroll
P. O. Box 239
Artesia, New Mexico 88211-0239

Kellahin and Kellahin
Attn: W. Thomas Kellahin
P. O. Box 2265
Santa Fe, New Mexico 87504

Re: Case No. **11,900**, Application of Yates Petroleum Corporation to rescind Division Administrative Order SWD-657, which order authorized Manzano Oil Corporation to convert the State "22" Well No. 1 (API No. **30-025-04989**), also known as the Sundown "SWD" Well No. 1, located 2310 feet from the South line and 990 feet from the East line (Unit I) of Section 22, Township 10 South, Range 37 East, NMPM, Lea County, New Mexico to a salt water disposal well for the injection of Devonian produced salt water into the San Andres formation.

Dear Messrs. Carroll and Kellahin:

Reference is made to Mr. Kellahin's letters dated January 16 and 20, 1998 on behalf of Manzano Oil Corporation and to my telephone conversation with Mr. Carroll this morning (Tuesday January 20, 1998) concerning this matter. Said Case 11900 will be continued to the Examiner's hearing scheduled for February 19, 1998.

Thank you both for your cooperation in this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael E. Stogner".

Michael E. Stogner
Chief Hearing Officer/Engineer

MES/kv

cc: New Mexico Oil Conservation Division - Hobbs
Rand Carroll, Counsel - OCD, Santa Fe
Florene Davidson - OCD, Santa Fe