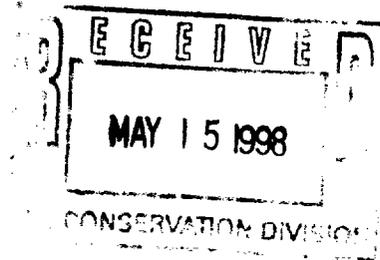


# Shahara Oil, LLC

207 W. McKay ♦ Carlsbad, NM 88220 ♦ 505-885-5433 ♦ Fax 505-885-4989

May 13, 1998

Ms. Lori Wrottenbery, Director  
Oil Conservation Division  
PO Box 6429  
Santa Fe, NM 87505



RE: Cases No. 11923 & 11924  
Shahara Oil, LLC

Dear Ms. Wrottenbery,

The captioned matter was the Application of Shahara Oil, LLC for (1) approval of the proposed Shahara State Unit, (2) creation of a waterflood and tertiary recovery project, (3) approval of two unorthodox oil well locations, and (4) qualification of that project for the recovered oil tax rate. The property is situate in Lea County.

The matter came on for hearing before Examiner Michael Stogner on February 19, 1998, after which it was taken under consideration by him.

Before making my plea, I wish to make it clear in no uncertain terms that both Mr. Stogner and the Division are held in the highest regard by this writer for when I have appeared before him in Santa Fe, on behalf of Shahara Oil or other companies, Mr. Stogner has always been most courteous. His questions are salient and directly to point, and the Division's Orders reasonable and well written. I can not help but believe that the tasks placed on his shoulders are many.

My plea to you in this instance is to seek an expedited order in the captioned matter. Shahara Oil is truly a small, independent operator and the writer is it. I undertook the evaluation and acquisition of the properties (which are certainly marginal), handle all the day-to-day operations - and empty the waste baskets in the evening.

If the application is approved, Shahara Oil can commence its program which should result in substantial additional production. Delay in commencing the program places an onerous economic burden on me.

Very truly yours,

Perry L. Hughes

cc: Paul A. Cooter