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NATURAL RESOURCES-OIL AND GAS LAW

JASON KELLAHIN (RETIRED 1991)

August 24, 1998

VIA FACSIMILE*Case 12008*

William F. Carr, Esq.
Campbell, Carr, Berge & Sheridan
110 North Guadalupe Street
Santa Fe, New Mexico 87501

Re: Case No 11715 (Order R-10764)
Application of Santa Fe Energy Resources, Inc.
for compulsory pooling, Lea County, New
Mexico

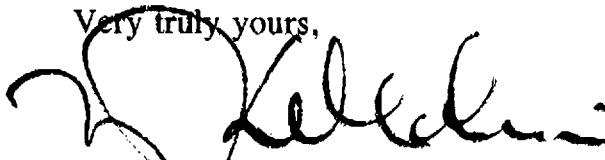
Dear Mr. Carr:

By letter dated June 17, 1998, on behalf of Santa Fe Energy Resources, Inc., I requested that you provide me with a written detailed explanation of Mr. Landreth's objections to the actual well costs for the Gaucho Federal Unit Well Nos. 2 and 2Y so that I will be able to respond.

Unfortunately, you have not responded to my request. Because you still have not disclosed to me the reasons for your client's objection, I will not be able to be prepared for the hearing now set on September 3, 1998.

I would appreciate you calling me so we can discuss this matter.

Very truly yours,


W. Thomas Kellahin