

**JAMES BRUCE**  
ATTORNEY AT LAWPOST OFFICE BOX 1056  
SANTA FE, NEW MEXICO 87504SUITE B  
612 OLD SANTA FE TRAIL  
SANTA FE, NEW MEXICO 87501(505) 982-2043  
(505) 982-2151 (FAX)

July 29, 1998

*Case 12025*Via FaxMichael E. Stogner  
Oil Conservation Division  
2040 South Pacheco Street  
Santa Fe, New Mexico 87505Re: Mallon Oil Company  
Unorthodox location application  
S~~X~~ S19-19S-34E  
Lea County, New Mexico

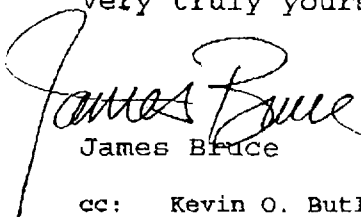
Dear Mr. Stogner:

The above matter is set for hearing on August 6th. Both Kevin O. Butler & Associates, Inc. and Fagadu Energy Corporation, et al. have requested that the hearing be continued. Mallon Oil Company objects to a continuance. The offsets were first notified of the unorthodox location by letter dated June 19th (copy enclosed), and have had sufficient time to object to the location and prepare for hearing. Mallon Oil Company would like to drill this well as soon as possible, and thus objects to a continuance.

In this regard, geology will be presented to Kevin O. Butler & Associates, Inc. today or tomorrow, with the hope of obtaining a withdrawal of its objection, and the applicant also hopes to obtain a similar waiver from the Fagadu interests.

Thank you for your consideration of this request.

Very truly yours,

  
James Brucecc: Kevin O. Butler & Associates, Inc.  
Keleher & McLeod (via fax)

**JAMES BRUCE**  
ATTORNEY AT LAWPOST OFFICE BOX 1096  
SANTA FE, NEW MEXICO 87504SUITE B  
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SANTA FE, NEW MEXICO 87501(505) 982-2043  
(505) 982-2151 (FAX)

June 19, 1998

**CERTIFIED MAIL**  
**RETURN RECEIPT REQUESTED**

To: Persons on Exhibit A

Re: Mescalero "19" Fed. Well No. 1  
1650 feet FSL & 990 feet FWL  
S4 S19-19 South-34 East  
Lea County, New Mexico

Operator: Mallon Oil Company

Dear Sirs:

Mallon Oil Company has filed an application for administrative approval of the above unorthodox gas well location with the New Mexico Oil Conservation Division. The well will be drilled to test the Morrow formation. If you object to the well location, you must notify the Division in writing no later than Thursday, June 9, 1998. The Division's address is 2040 South Pacheco Street, Santa Fe, New Mexico 87505 (Attention: Mike Stogner).

Very truly yours,

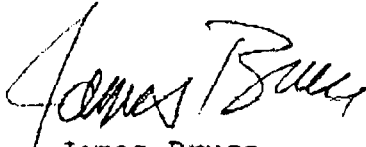
  
James Bruce  
Attorney for Mallon Oil Company

EXHIBIT A

Matador E&P Company, Inc.  
c/c Matador Petroleum Corporation  
Suite 158  
8340 Meadow Road  
Dallas, Texas 75231

Devon Energy Corporation (Nevada)  
Suite 1500  
20 North Broadway  
Oklahoma City, Oklahoma 73102  
Attention: Ken Gray

Altura Energy Ltd.  
P.O. Box 4294  
Houston, Texas 77210-4294  
Attention: Donnie B. Champlin

Fagadu Energy Corporation  
Sanford P. Fagadu  
THF Corporation  
Jeanne M. Fagadu  
D&K Oil & Gas  
Suite 1770  
2323 Bryan Street  
Dallas, Texas 75201

D&K Oil & Gas  
3003 North Mesa Street  
El Paso, Texas 79902

Kevin O. Butler & Associates, Inc.  
P.O. Box 1171  
Midland, Texas 79702