



Petroleum Exploration • Drilling • Production

August 31, 1998

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Willow Pipeline Company
P. O. Box 131
Weatherford, OK 73096

Mr. Paul LaForge
Mid-Continent Casualty Company
1646 South Boulder
Tulsa, OK 74119

Re: Case No. 12039

TO WHOM IT MAY CONCERN:

By arbitrary and unilateral decision the New Mexico Oil Conservation Division, Artesia District, elected to involve The Harlow Corporation in administrative decisions regarding Willow Pipeline Company properties in Chaves County, New Mexico, commencing with a August 11, 1998 filing requiring Harlow/Willow to properly plug 15 wells in Township 8 South, Ranges 28 and 29 East, Chaves County, New Mexico, even though Harlow sold these properties March 1, 1996.

Also, in August 1998, the Oil Conservation Division in Santa Fe started sending us requests for Operator's Monthly Reports for April and May 1998.

In other words, the Commission has unilaterally injected us into the regulatory requirements for these leases more than two years after they were transferred of record and the Commission was notified that we no longer had ownership in these properties and they are under bond by our assignee. This notice says that the Commission would also involve Mid-Continent Casualty Company (Harlow's bonding company) in this matter.

August 31, 1998

We have repeatedly stated that The Harlow Corporation, in its Assignment and Bill of Sale to Willow Pipeline Company, set out the wells that were shut-in, also the Assignment set out all wells would have to be plugged by Willow Pipeline Company if that was required and pay all the expense for operations which would fulfill any requirement by the Commission under their guidelines to see their regulatory functions fulfilled.

The Assignment and Bill of Sale fulfilled any issue outstanding or perceived by the Commission as to The Harlow Corporation's responsibility to plug wells.

It was stated not only to the Commission, but to Harlow, that Willow Pipeline was responsible for such operations, if required, but Willow Pipeline stated it was interested in entering each well to determine whether or not it wanted to continue shut-in status or producing status for the shut-in wells and this is admitted and known by the Commission.

In any state that The Harlow Corporation operates the Commission accepts the fact that any time an operator enters a well for inhole operations they are responsible for that well bore at that point regardless of title because there is no way The Harlow Corporation was available or present or knowledgeable in what operations have taken place since the sale nor can The Harlow Corporation be responsible for operations in those wells, particularly since the operator, Willow Pipeline has stated to Harlow and the Commission that they have been in every one of the well bores without exception.

For example, there were seven shut-in wells set out in the Assignment from Harlow to Willow, now the Commission requests the plugging of 15 wells and would state that The Harlow Corporation and its bonding company was responsible for plugging 15 wells. The Commission does not have the authority to take such action against The Harlow Corporation.

Also, there have been representations to the Commission that Willow Pipeline Company has an agency relationship with The Harlow Corporation and the Commission, I presume, has taken the position they accept that misrepresentation. Therefore, it is The Harlow Corporation's position that the State as well as Willow have used the mails to defraud The Harlow Corporation and its bonding company.

I enclose a faxed letter, dated August 20, 1998, to The Harlow Corporation from Gary Millspaugh, principal of Willow Pipeline Company, which represents that Willow Pipeline still stood ready to swab produce or begin plugging wells.

August 31, 1998

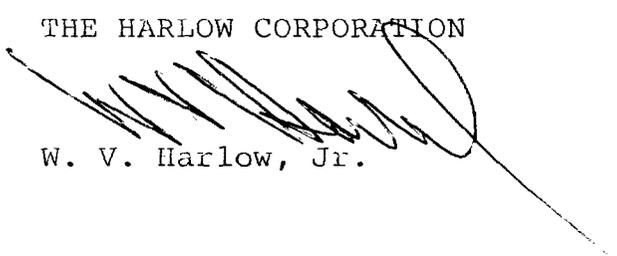
Mr. Millspaugh's position verifies that it shall undertake the operations requested by the Commission in whatever form.

The Harlow Corporation requests an end to the New Mexico Oil Conservation position and arbitrary involvement of The Harlow Corporation in this matter.

I am sending this communication by fax to the principals, and certified mail follows, to all parties. This letter will represent our position before the hearing September 3, 1998, to all parties.

Sincerely,

THE HARLOW CORPORATION



W. V. Harlow, Jr.

WVH:ab

Enc.