

GALLEGOS LAW FIRM

A Professional Corporation

460 St. Michael's Drive
Building 300
Santa Fe, New Mexico 87505
Telephone No. 505-983-6686
Telefax No. 505-986-1367
Telefax No. 505-986-0741

MICHAEL J. CONDON

November 3, 1998
(Our File No. 98-272.00)

VIA TELECOPY

Thomas W. Kellahin, Esq.
Kellahin & Kellahin
117 N. Guadalupe
Santa Fe, New Mexico 87501

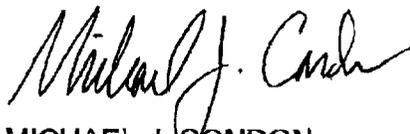
Re: Application of Xeric Oil and Gas Corporation for Compulsory Pooling, Lea County, New Mexico; Case No. 12074

Dear Tom:

I just wanted to confirm our phone conversation this afternoon. I understand our agreement to be that you will continue the Examiner Hearing in the above-referenced matter to the next docket, November 19, 1998, in order to give Xeric and Coates an opportunity to see if they can agree on the terms of a lease. Based on our agreement, I will inform our representatives that they do not need to travel to New Mexico to attend the hearing on Thursday, November 5, 1998. I understand that you will give notice to the OCD that you will continue this matter. Please advise immediately if I have misapprehended the nature of our agreement. Thank you for your cooperation.

Very truly yours,

GALLEGOS LAW FIRM, P.C.

By 
MICHAEL J. CONDON

MJC:sa

fxc: Sherrie Green
Rand Carroll, Esq.
David Catanach, Hearing Examiner