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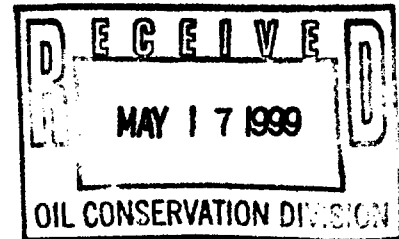
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PLEASE REPLY TO SANTA FE

May 17, 1999



Ms. Lori Wrotenbery, Director
New Mexico Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87505

Re: NMOCD Case No. 12086 and Case No. 12171; (West Lovington Strawn Unit,
Lea County, New Mexico)

Dear Ms. Wrotenbery:

After months of trying, the parties remain at an impasse in their efforts to reach agreement on the second expansion of the West Lovington Strawn Unit.

Gillespie Oil, Inc., the Unit Operator and the applicant in Case No. 12171, has not responded to our most recent correspondence proposing ways to allow the unit expansion case to proceed to hearing at an early date. Additionally, at a recent meeting among the lawyers involved in the West Lovington Strawn Unit cases, it was made clear that the parties continue to disagree on three items which, if left unresolved, will likely prevent ratification of the expansion of the unit and the amended unit participation formula pursuant to any order that would issue from a hearing on this matter. Meanwhile, the Snyder C No. 4 well located immediately outside the Unit's southeastern boundary continues to drain unitized substances while benefiting, cost free, from the Unit's pressure maintenance operations.

In view of this state of affairs, Energen believes it necessary to pursue the consolidated applications of Yates Petroleum Corporation and Energen Resources

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Corporation in Case No. 12086 and have the Division act to reduce the allowable in the West Lovington Strawn pool. By so doing, the parties will be provided with the necessary incentive to quickly resolve the longstanding impasse. At the same time, it would be futile to proceed to hearing on the second unit expansion application in Case No. 12171 until the integral issues are settled. Accordingly, I am filing a motion to continue the May 27, 1999 hearing in Case No. 12171 (copy enclosed) until the Division has had a chance to act on the application in Case No. 12086. The consolidated Yates/Energen applications in Case No. 12086 are scheduled for hearing on June 10th.

Your early consideration of this Motion would be appreciated.

Very Truly Yours,

A handwritten signature in black ink, appearing to read "J. Scott Hall", written in a cursive style.

J. Scott Hall

JSH:ao

Enclosure

cc: James Bruce, Esq. (with enclosure)
William F. Carr, Esq. (with enclosure)
W. Thomas Kellahin, Esq. (with enclosure)
Rand Carroll, NMOCD (with enclosure)
Mr. Rusty Cook (with enclosure)
Mr. Ken Gray (with enclosure)