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July 17, 2000

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

Via Facsimile

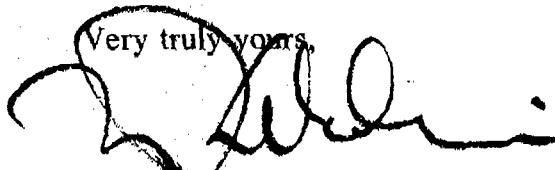
**Re: Request for Dismissal**  
**NMOCD Case 12289 (DeNovo)**  
**Application of Gillespie Oil, Inc.**  
**to amend Order R-10864-A for Unit Expansion,**  
**West Lovington Strawn Unit, Lea County, New Mexico**

Dear Ms. Wrotenbery:

On behalf of Snyder Ranches, Inc., the applicant for the DeNovo hearing of this case, I previously informed you that Snyder Ranches Inc. was attempting to settle its dispute in this matter and the referenced de novo case was continued to the July 21, 2000 docket.

Now, I wish to advise you that this morning, Snyder Ranches and Energen Resources Corporation have entered into a settlement letter dated July 10, 2000 which includes terms and conditions satisfying Snyder Ranches Inc.'s concerns about Division Order R-10864-B. Accordingly, please dismiss Snyder Ranches Inc.'s request for a denovo hearing for this order.

Very truly yours,



W. Thomas Kellahin

cfx: J. Scott Hall, Esq.  
Attorney for Energen  
James Bruce, Esq.  
Attorney for Gillespie  
William F. Carr, Esq.  
Attorney for Yates and Hanley  
Snyder Ranches, Inc.  
Attn: Larry Squires