

MILLER, STRATVERT & TORGERSON, P. A.
LAW OFFICES

RANNE B. MILLER
ALAN C. TORGERSON
ALICE TOMLINSON LORENZ
GREGORY W. CHASE
LYMAN G. SANDY
STEPHAN M. WILLIAMS
STEPHAN M. VIDMAR
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DEBORAH A. SOLOVE
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J. SCOTT HALL
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THOMAS M. DOMME

RUTH O. PREGENZER
JEFFREY E. JONES
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PAULA G. MAYNES
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MICHAEL C. ROSS
CARLA PRANDO
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JENNIFER L. STONE
ANDREW M. SANCHEZ
M. DYLAN O'REILLY
AMINA QUARGNALI-LINSLEY
BEATE BOUDRO

ALBUQUERQUE

500 MARQUETTE N.W., SUITE 1100
POST OFFICE BOX 25687
ALBUQUERQUE, NM 87125-0687
TELEPHONE: (505) 842-1950
(800) 424-7585
FACSIMILE: (505) 243-4408

LAS CRUCES

500 S. MAIN ST., SUITE 800
POST OFFICE BOX 1209
LAS CRUCES, NM 88004-1209
TELEPHONE: (505) 523-2481
FACSIMILE: (505) 526-2215

FARMINGTON

300 WEST ARRINGTON, SUITE 300
POST OFFICE BOX 869
FARMINGTON, NM 87499-0869
TELEPHONE: (505) 326-4521
FACSIMILE: (505) 325-5474

SANTA FE

150 WASHINGTON AVE., SUITE 300
POST OFFICE BOX 1986
SANTA FE, NM 87504-1986
TELEPHONE: (505) 989-9614
FACSIMILE: (505) 989-9857

WILLIAM K. STRATVERT, COUNSEL
PAUL W. ROBINSON, COUNSEL
RALPH WM. RICHARDS, COUNSEL
ROSS B. PERKAL, COUNSEL
JAMES J. WIDLAND, COUNSEL
BRADLEY D. TEPPER, COUNSEL

PLEASE REPLY TO SANTA FE

BY HAND-DELIVERY

November 18, 1999

Michael Stogner
New Mexico Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87501

Re: NMOCD Case No. 12289; Application Of Gillespie Oil, Inc. to Amend Division
Order No. R-10864-A, etc., West Lovington Strawn Unit, Lea County, New Mexico

Dear Mr. Stogner:

During the course of the hearing in the above, it was represented that on October 26, 1999, I had been previously provided with the proposed language amending Article 10.4 of the WLSU Unit Operating Agreement that was introduced today as Exhibit 9 (copy enclosed). I indicated that I hadn't seen the Exhibit 9 language before today. You asked to be provided with additional proof on this issue.

I have located counsel's October 26, 1999 letter to me transmitting Gillespie's proposed amendatory language. A copy of the transmittal, with the proposed amendment attached, is enclosed.

Please compare the language in the October 26th document with the language of Exhibit 9. You will see that the two documents are different in both substance and effect. Consistent with the unequivocal testimony rendered by the Gillespie witness today, the language in Exhibit 9 was broadened to include the royalty interests while the operation of the earlier version was limited to the working interest owners, just like Attachment D to Order No. R-10864-A.

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OIL CONSERVATION DIV.

Michael Stogner
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Should you require additional information, please let me know.

Very truly yours,

A handwritten signature in black ink, appearing to read "J. Scott Hall". The signature is written in a cursive, flowing style with a prominent horizontal line across the middle.

J. Scott Hall

JSH/ao

Enclosure(s) – as stated

Cc: James Bruce, (with enclosure)
W. Thomas Kellahin, (with enclosure)
William F. Carr, (with enclosure)
Rand Carroll, (with enclosure)

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