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May 23, 2000

New Mexico Oil Conservation Division  
2040 South Pacheco  
Santa Fe, NM 87505

Attn: Ms. Florine Davidson

Dear Florine:

Forwarded to you with this letter are three copies of the Application of Shahara Oil LLC for an Order (1) approving the proposed tertiary recovery project using micro-emulsion flooding for enhanced recovery of oil from the Grayburg-Jackson Premier Sand Unit in Eddy County, New Mexico, (2) approving the two unorthodox well locations described therein, and (3) qualifying the project for the recovered oil tax rate pursuant to the New Mexico Enhanced Oil Recovery Act. A copy of the Application is forwarded to the Division's office in Artesia.

Would you please set the Application for hearing at the earliest possible date and advise me of that hearing date. Should something else be needed at this time, your advice would be most welcome.

Appreciating your courtesy to me, I am

Very truly yours,

SHAHARA OIL L.L.C.

By

Paul A. Cooter

PAC\smb  
enclosure  
cc w/enc.:

New Mexico Oil Conservation Division  
811 South First Street  
Artesia, NM 88210  
Ms. Bree Stewart  
AROC (Texas) Inc.  
4200 East Skelley Drive, Suite 1000  
Tulsa, OK 74135  
Perry Hughes