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W. THOMAS KELLAHIN*

NEW MEXICO BOARD OF COAL SPECIALIZATION
RECOGNIZED SPECIALIST IN THE AREA OF
NATURAL RESOURCES AND OIL AND GAS LAW

JASON KELLAHIN (RETIRED) 1991

August 4, 2000

FEDERAL EXPRESS

Maynard Oil Company
8080 N. Central Expressway #660
Dallas Texas, 75206
Attn: Cassandra Foster

*Re: NMOCD Case 12462
Outland State Unit Well No. 1-Y
Unit M Section 12, T21S, R34E, NMPM
Application of Santa Fe Snyder Corporation
for an unorthodox well location,
Lea County, New Mexico.*

Dear Ms. Foster:

Santa Fe Snyder Corporation's well has been drilled 22 feet closer to the south boundary of Section 12 than permitted by Division Rule 104 and as such requires an exception. It appears that Maynard Oil Company is the current operator of the Wilson Deep Unit Well No 1 which is a Morrow gas well currently producing from the Wilson Marrow Gas Pool and dedicated to the W/2 of Section 13, T21S, R34E, NMPM. As the offsetting operator towards whom this well encroaches, you are entitled to notice and an opportunity to object.

Therefore, on behalf of Santa Fe Snyder Corporation, please find enclosed:

(1) a copy of its administrative application. You have twenty days from the date of this letter to file a written objection with the New Mexico Oil Conservation Division, 2040 South Pacheco, Santa Fe, New Mexico 87505. Should you file a timely objection, please be advised that your objection will be heard at a hearing to be held on September 7, 2000. In the event you decide not to object, then we will advise the Division and request that they issue an administrative order approving this application and correspondingly dismiss the request for a hearing;

ATTACHMENT A

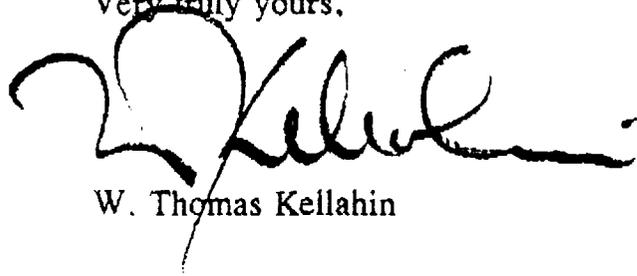
Maynard Oil Company
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(2) a copy of its hearing application which has been docketed as Case 12462 and set for hearing on August 10, 2000 but which will be continued to September 7, 2000 in order to provide you with the required twenty day notice periods.

The hearing will be held at the Division hearing room located at 2040 South Pacheco, Santa Fe, New Mexico. As party who may be affected by this application, we are notifying you of your right to appear at the hearing and participate in this case, including the right to present evidence either in support of or in opposition to the application. Failure to appear at the hearing may preclude you from any involvement in this case at a later date.

Pursuant to the Division's Memorandum 2-90, you are further notified that if you desire to appear in this case, then you are requested to file a Pre-Hearing Statement with the Division not later than 4:00 PM on Friday, September 1, 2000 with a copy delivered to the undersigned.

Very truly yours,

A handwritten signature in black ink, appearing to read 'W. Thomas Kellahin', written over a horizontal line.

W. Thomas Kellahin

ccx: Oil Conservation Division
Attn: David R. Catanach
Santa Fe Snyder Corporation
Attn: Curtis Smith