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HAND DELIVERED

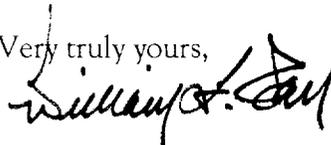
Lori Wrottenbery, Director
Oil Conservation Division
New Mexico Energy, Minerals &
Natural Resources Department
1220 South St. Francis Drive
Santa Fe, New Mexico 87504

Re: Oil Conservation Division Case 12585: Application of Threshold Development
Company for Compulsory Pooling, Lea County, New Mexico.

Dear Ms. Wrottenbery:

Threshold Development Company has reached an agreement with Prize Operating Company for the development of the acreage which is the subject of the above referenced case. Accordingly, Prize Operating Company will not be subject to the application of Threshold Operating Company in this case and can be dismissed from this compulsory pooling application.

Very truly yours,



William F. Carr

cc: Gary Tidmore
Threshold Development Company
Fax No. (817) 870-1504

Carol Glass
Prize Operating Company
Fax No. (817) 424-0131