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February 22, 1983

William F. Carr  
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P.O. Box 2208  
Santa Fe, New Mexico 87501

SECRET THE	
OIL CONSERVATION COMMISSION	
Santa Fe, New Mexico	
Case No. _____	Exhibit No. <u>9c</u>
Submitted by _____	
Hearing Date: _____	

HAND-DELIVERED

RE: Oil Conservation Commission Case #7744 (de novo):  
Application of Clements Energy, Inc. for Compulsory  
Pooling, Lea County, New Mexico

Dear Mr. Carr:

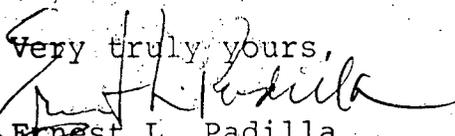
This letter states Clements Energy, Inc.'s reply to your hand-delivered letter of this morning.

We have carefully and thoroughly evaluated the economics and all other factors involved in this decision and concluded that the offer we made to Mr. Poole in our November 12, 1982, letter was more than fair and no different than that which we would have offered to a major company or large independent operating company in this area. In light of the present economic conditions in the oil industry and the significant drops in the price of oil that we have seen in the past and fully expect in the future, Clements Energy's economics for drilling the well are very slim. However, Clements Energy, Inc. is still interested in drilling this wildcat test, if anything close to reasonable terms can be worked out with Mr. Poole. If they cannot be worked out, Clements Energy, Inc. will be forced to request that the Commission pool this interest as requested in the original hearing with maximum penalty to Mr. Poole.

It is our belief that Clements has been more than fair and diligent in its attempts to work out an equitable arrangement with Mr. Poole over the last several months and in that we hereby advise that if Mr. Poole is not agreeable to the format as outlined in the November 12, 1982, letter, then Clements Energy, Inc. will proceed with the pooling hearing and will accept no further counter offers and comments from Mr. Poole. We have already invested a substantial amount of time, effort and money, have put off our investors and drilling plans, and have re-scheduled our drilling contractors and all other efforts to get this well drilling and feel it is about time that Clements Energy, Inc. be allowed to drill the well that it has the legal right to drill.

If you have any questions, please advise.

Very truly yours,

  
Ernest L. Padilla

ELP/bv