



PHONE 505 - 623-5053
400 N. KENTUCKY AVE.
POST OFFICE BOX 1737
ROSWELL, NEW MEXICO
88202-1737

August 10, 1998

State of New Mexico
Oil Conservation Division
P.O. Box 2088
Santa Fe, New Mexico 87504-2088

Attention: Mr. Michael Stogner

RE: NMOCD Case No. 12023
Supplemental Information
Twin Lakes San Andres Unit Expansion
Chaves County, New Mexico

Dear Mr. Stogner:

Please find enclosed 3 copies of the additional information that you requested at our August 6, 1998 hearing. The supplemental information consists of a well data sheet and wellbore schematic for each of the wells in section 25-T8S-R28E and section 30-T8S-R29E outside the unit boundary and not operated by Hanagan Petroleum. The Kucheman #2 well, which is located in the SW/4 NW/4 of section 30 is an injection well operated by Hanagan that was included in NMOCD Order WFX-582.

The two Sandco wells in section 25, being the #2 (unit G) and the #3 (unit A), are the wells for which the NMOCD has sent out letters for the operator to show cause as to why the wells should not be plugged.

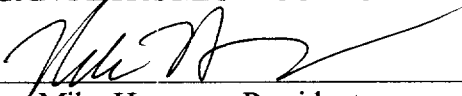
The remaining wells are presently operated by Willow Pipeline although the NMOCD has yet to approve the transfer of operations from Harlow corporation to Willow.

No changes in wellbore conditions have been filed with the NMOCD on any of these wells since the September 9, 1987 hearing in which Pelto Oil Company applied for approval to waterflood the unit.

Should you need additional information or have any questions regarding this case please feel free to give me a call at 623-5053. As we would like to commence this project in September I would greatly appreciate anything that you can do to speed up the approval process for this case.

Sincerely,

HANAGAN PETROLEUM CORPORATION

A handwritten signature in black ink, appearing to read 'Mike Hanagan', is written over a horizontal line.

Mike Hanagan, President