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W. THOMAS KELLAHIN*

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JASON KELLAHIN (RETIRED 1991)

6. OCT -0 PM 2:15

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October 3, 2001

HAND DELIVERED

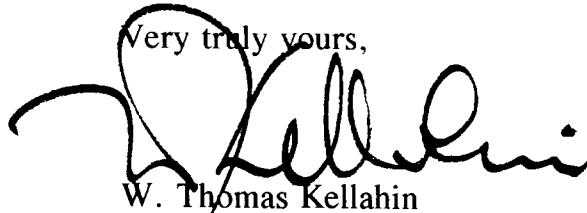
Mr. David R. Catanach
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Re: NMOCD Case 12709
Application of Melrose Operating Company
for approval to expand its Artesia Unit
Waterflood Project
Lea County, New Mexico

Dear Mr. Catanach:

On behalf of Melrose Operating Company, please find enclosed a proposed order for consideration in this case. I also have enclosed a wordperfect 5.1 diskette containing this draft order.

Very truly yours,

A handwritten signature in black ink, appearing to read 'W. Thomas Kellahin', written over the typed name.

W. Thomas Kellahin

cc: Melrose Operating Company
Attn: Ann Ritchie