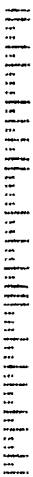


MARTIN J. DAVIDSON
5956 Sherry Lane, Suite 1900
Dallas, Texas 75225

Mr. Roy Johnson
Senior Petroleum Geologist
New Mexico State Oil Conservation Commission
P.O. Box 2088
Santa Fe, New Mexico 87501



OIL CONSERVATION DIVISION
RECEIVED

MARTIN J. DAVIDSON

'89 NOV 6 AM 9 21

November 2, 1989

Mr. Roy Johnson
Senior Petroleum Geologist
New Mexico State Oil Conservation Commission
P.O. Box 2088
Santa Fe, New Mexico 87501

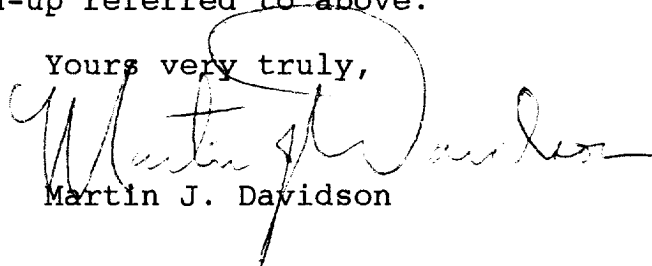
Re: Chappell-Spade Ranch
San Miguel County, N.M.

Dear Mr. Johnson:

The discussions we have had over the last twenty-two months, relative to the Commission's action in having Mr. Ingram plug, abandon and clean-up the two dry holes on the Chappell-Spade Ranch, must now be judged to have been fruitless.

Accordingly, and with deep regret, I must recommend to Mr. Chappell that we initiate legal proceedings against the Commission for not having exercised its powers to effect the State required plugging and clean-up referred to above.

Yours very truly,



Martin J. Davidson

MJD/mls

cc: Mr. Frank H. Chappell, Jr.
Chappell-Spade Ranches
1107 Avenue K
Lubbock, Texas 79408