

SUBSCRIBED AND SWORN to before me this 4th day of May, 2005.

Diana M. Lora
Notary Public

My Commission Expires:

May 23, 2005

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MILLER STRATVERT
PROFESSIONAL ASSOCIATION

Ranne B. Miller
Alice T. Lorenz
Stephen M. Williams
Stephan M. Vidmar
Seth V. Bingham
Timothy R. Briggs
Rudolph Lucero
Deborah A. Solove
Gary L. Gordon
Lawrence R. White
Virginia Anderman
Marte D. Lightstone
J. Scott Hall*
Thomas R. Mack

Thomas M. Domme
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James R. Wood
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H. Brook Laskey
Paula G. Maynes
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Caroline Blankenship
Matthew S. Rappaport
Karen E. Wootton
Somer K. Chyz
Michael G. Duran
Roxanna M. Chacon

Joseph L. Romero
Kelly A. Stone

Counsel

James B. Collins
Terri S. Beach
Robert D. Taichert
Douglas A. Echols

Of Counsel

William K. Stratvert
Sharon P. Gross

Reply to Santa Fe

150 Washington Ave., Suite 300
Santa Fe, NM 87501

Mailing Address:

P.O. Box 1986
Santa Fe, NM 87504-1986

Telephone: (505) 989-9614

Facsimile: (505) 989-9857

Writer's Direct E-Mail:

shall@mstlaw.com

* New Mexico Board of Specialization Recognized Specialist in Natural Resources - Oil & Gas Law
** New Mexico Board of Specialization Recognized Specialist in Real Estate Law

April 12, 2005

CERTIFIED MAIL/RETURN RECEIPT REQUESTED

Santa Fe Exploration Company
201 W. Third Street
Roswell, New Mexico 88201

Re: New Mexico Oil Conservation Division Case No. _____; Application of Preston Exploration, L.L.C. for Compulsory Pooling, Eddy County, New Mexico

Dear Sir or Madam:

This will advise that Preston Exploration, L.L.C. has filed an application with the New Mexico Oil Conservation Division seeking the issuance of an order pooling all mineral interests in all formations from the surface to the deeper of the base of the Morrow formation, (Cemetery Morrow Gas Pool) or 9772 feet subsurface underlying the SW4 SW4 of Section 2, Township 20 South, Range 25 East, NMPM, Eddy County, New Mexico, to form standard 320-acre spacing and proration units. A copy of the application is enclosed.

This application will be set for hearing before a Division Examiner on May 5, 2005, at the New Mexico Oil Conservation Division, 1220 South St. Francis Dr., Santa Fe, New Mexico. You are not required to attend this hearing, but as an owner of an interest that may be affected, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging this application at a later time.

Very truly yours,

MILLER STRATVERT P.A.

J. Scott Hall

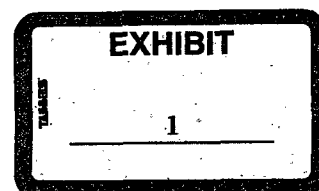
J. Scott Hall

JSH/glb

Enclosure

cc: Jesse Blue

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ALBUQUERQUE
(505) 842-1950

FARMINGTON
(505) 326-4521

LAS CRUCES
(505) 523-2481

SANTA FE
(505) 989-9614

7161 8863 9710 0000 2904

RETURN RECEIPT SERVICE	POSTAGE	\$1.29	
	RESTRICTED DELIVERY FEE	\$0.00	
	CERTIFIED FEE	\$2.30	
	RETURN RECEIPT FEE	\$1.75	
SENT TO:		TOTAL POSTAGE AND FEES	\$5.34
<p>Santa Fe Exploration Company 201 W. Third Street Roswell, New Mexico 88201</p>			

PS FORM 3800 4/12/2005 11:12 AM



RECEIPT FOR CERTIFIED MAIL
NO INSURANCE COVERAGE PROVIDED
NOT FOR INTERNATIONAL MAIL
(SEE OTHER SIDE)

EXHIBIT
2

7161 8863 9710 0000 2904

1. Article Addressed to:

Santa Fe Exploration Company
201 W. Third Street
Roswell, New Mexico 88201

4/12/2005 11:12 AM

<input checked="" type="checkbox"/> Agent <input type="checkbox"/> Addressee	
B. Received by (Printed Name)	C. Date of Delivery
D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES enter delivery address below: <input type="checkbox"/> No	
3. Service Type	<input checked="" type="checkbox"/> Certified
4. Restricted Delivery? (Extra Fee)	<input type="checkbox"/> Yes

PS Form 3811

Domestic Return Receipt

CERTIFIED MAIL

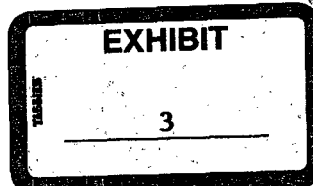
7161 8863 9710 0000 2904



TO: Santa Fe Exploration Company 201 W. Third Street Roswell, New Mexico 88201	MILLER STRATVERT P.A. POST OFFICE BOX 1986 SANTE FE, NEW MEXICO 87504-1986
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☒ ADDRESSEE UNKNOWN
☐ RETURN TO SENDER

1st NOTICE
 2nd NOTICE
 RETURN



UNITED STATES POSTAGE
 02 1A
 0004337276
 MAILED FROM ZIP CODE 8750
 \$05.34
 APR 12 2005
 PINNEY BOWEN

Affidavit of Publication

State of New Mexico,
County of Eddy, ss.

Dawn Higgins, being first duly sworn, on oath says:

That she is Business Manager of the Carlsbad Current-Argus, a newspaper published daily at the City of Carlsbad, in said county of Eddy, state of New Mexico and of general paid circulation in said county; that the same is a duly qualified newspaper under the laws of the State wherein legal notices and advertisements may be published; that the printed notice attached hereto was published in the regular and entire edition of said newspaper and not in supplement thereof on the date as follows, to wit:

April 19	2005
_____	2005
_____	2005
_____	2005

That the cost of publication is \$86.41

and that payment thereof has been made and will be assessed as court costs.

Dawn Higgins

Subscribed and sworn to before me this

19 day of April, 2005
Stephanie Gibson

My commission expires 12-13-05

Notary Public

April 19, 2005

Preston Exploration, L.L.C. has made application to the New Mexico Oil Conservation Division for relief in the following matter: **Case 13487: Application of Preston Exploration, L.L.C. For Compulsory Pooling, Eddy County, New Mexico.** Applicant seeks an order pooling the owner of operating rights under federal oil and gas lease No. NMNM 0553777 covering the SW/4 SW/4 of Section 2, Township 20 South, Range 25 East, in all formations from the surface to the deeper of the base of the Morrow formation or 9,772 feet subsurface to form a standard 320-acre gas spacing and proration unit for all formations or pools spaced on 320 acres within this vertical extent, which presently includes but are not necessarily limited to the Cemetery Morrow Gas Pool. This spacing and proration unit is to be dedicated to the Cemetery "2" No. 2 Well to be drilled to the Morrow formation at a standard gas well location 660' from the South line and 1,750' from the East line of Section 2. This Application is brought pursuant to the provisions of 19-15.14.1207 A.(1)(b) NMAC. Applicant has been unable to locate Santa Fe Exploration Company, the owner of the operating rights referenced above. The last known address for the owner of the interests to be pooled is:

Santa Fe Exploration Company
201 W. Third Street
Roswell, New Mexico 88201

Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, the actual operating costs and charges for supervision, designation of applicant as operator and a charge for risk involved in drilling the well. The lands that are the subject of the application are located approximately two miles west of Seven Rivers, New Mexico. This application will be set for hearing before a Division Examiner on May 5, 2005, at the New Mexico Oil Conservation Division, 1220 South St. Francis Dr., Santa Fe, New Mexico. Any owner of an interest that may be affected may appear and present testimony. Failure to appear at that time and become a party of record will preclude such party from challenging this application at a later time.

For further information, contact the applicant's attorney, J. Scott Hall, Miller-Stratvert, P.A., 150 Washington Ave., Suite 300, Santa Fe, New Mexico 87501, (505) 989-9614.

EXHIBIT