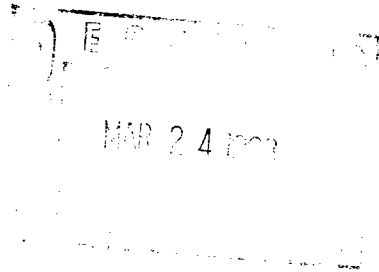


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March 22, 1998

Lori Wrotenbery  
Oil Conservation Commission  
2040 South Pacheco Street  
Santa Fe, New Mexico 87505

Jami Bailey  
Commissioner of Public Lands  
State Land Office Building  
310 Old Santa Fe Trail  
Santa Fe, New Mexico 87501

William J. LeMay  
Oil Conservation Commission  
2040 South Pacheco Street  
Santa Fe, New Mexico 87505

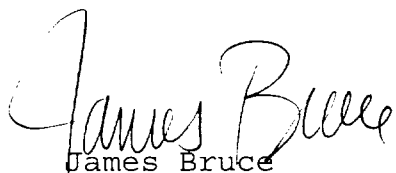
Re: Case No. 11514  
Order No. R-10622-A  
Read & Stevens, Inc.

Dear Commissioners:

Read & Stevens, Inc. ("Read & Stevens") filed an Application for Rehearing, in which they state that a penalty on its well is not necessary because "reservoir properties are not identical," and that "the reservoir is thicker around the Read & Stevens location than at the UMC well." **Application for Rehearing, p.11, ¶(1).** That is incorrect. Although Read & Stevens theorized at the hearing that its location would encounter over 30 feet of net pay (**Read & Stevens Exhibit No. 2**), in fact the well actually encountered **only 13 feet of net pay**. This figure can be verified from the log Read & Stevens is required to submit to the Division. The well's results discredit Read & Stevens' engineering simulation, especially its calculated gas-in-place, and support the penalty imposed by the Commission.

Therefore, UMC Petroleum Corporation requests that the Application for Rehearing be denied.

Very truly yours,

James Bruce

Attorney for UMC  
Petroleum Corporation

cc: Marilyn S. Hebert  
W. Thomas Kellahin