

NEW MEXICO OIL CONSERVATION DIVISION  
2040 SOUTH PACHECO  
SANTA FE, NM 87505

March 29, 1996

**Certified Mail**  
**Return Receipt Requested**

Mercury Production Co.  
c/o Mercury Exploration Co.  
1619 Pennsylvania  
Ft. Worth, TX 76104

American Employers Insurance Co.  
One Beacon Street  
Boston, MA 02108

Case No. 11517

Application of the New Mexico Oil Conservation Division for a Show Cause Hearing requiring Mercury Production Co. and other interested parties to appear and show cause why one well in Eddy County, NM should not be plugged and abandoned

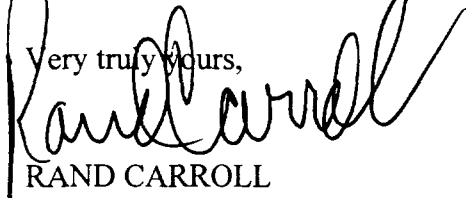
Dear Sir/Madam:

This letter is to advise you that the New Mexico Oil Conservation Division has filed the enclosed application seeking a Show Cause Hearing requiring Mercury Production Co. and other interested parties to appear and show cause why the above-referenced wells should not be ordered plugged and abandoned.

This application has been set for hearing before an Examiner of the Oil Conservation Division on April 18, 1996. You are not required to attend this hearing, but as an owner of an interest that may be affected by an order issued in this case, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Parties appearing in cases have been requested by the Division (Memorandum 2-90--- Enclosed) to file a Prehearing Statement substantially in the form prescribed by the Division. Prehearing statements should be filed by 4:00 o'clock p.m. on the Friday before a scheduled hearing.

Very truly yours,

A handwritten signature in black ink, appearing to read "Rand Carroll". The signature is written in a cursive style with a large initial "R" and a long, sweeping tail.

RAND CARROLL

ATTORNEY FOR THE NEW MEXICO OIL CONSERVATION DIVISION

Enclosures

cc: Ray Smith, OCD Artesia