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NATURAL RESOURCES-OIL AND GAS LAW

JASON KELLAHIN (RETIRED 1991)

July 1, 1998

Mr. David R. Catanach
Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87505

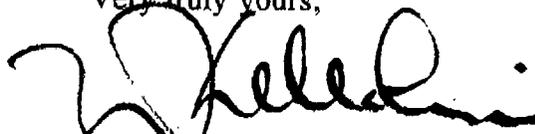
Re: NMOCD Case 11877
Application of Fasken Land and Minerals, Ltd
for compulsory pooling and an
unorthodox gas well location,
Eddy County, New Mexico

Re: NMOCD Case 11960
Application of Redstone Oil & Gas Company
for compulsory pooling and an
unorthodox gas well location
Eddy County, New Mexico

Dear Mr. Catanach:

Fasken Land and Minerals, Ltd. has confirmed for me the settlement of this matter with Redstone Oil & Gas Company. Accordingly please (1) dismiss Fasken's case 11877 and (2) enter an order approving the Redstone unorthodox location. Please call me if you have any questions.

Very truly yours,


W. Thomas Kellahin

cfx: James Bruce, Esq.
Attorney for Redstone Oil & Gas Company
cfx: Fasken Land and Minerals, Ltd.
Attn: Sally Kvasnicka