



Gruy Petroleum Management Co.

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October 4, 2000

Campbell, Carr, Berge
& Sheridan, P.A. Lawyers
Jefferson Place Suite 1
110 North Guadalupe
Santa Fe, New Mexico 87504
Attn: Mr. William F Carr

Re: Oil Conservation Division Case No. 12015 and 12017
Application of Gruy Petroleum Management Co. for Unorthodox Well
Location and Simultaneous Dedication, Lea County New Mexico

Dear Mr. Carr:

In September of 1998 the above referenced cases were heard at the New Mexico Oil Conservation Division in Santa Fe, before Examiner Michael E. Stogner. In March of 1999, you submitted a proposed order of the Division to Mr. Stogner to assist him in determining the Oil Conservation Divisions final order for these cases. Mr. Doyle Hartman, who presented testimony in opposition to these applications in the September 1998 hearing, also presented a proposed order to assist Mr. Stogner. It has now been over two years since these cases were presented and we have yet to receive a Final Order from the N.M.O.C.D.

Gruy Petroleum Management Co. has put its drilling program on hold in the Rhodes-Yates-Seven Rivers Gas Pool, pending the Oil Conservation Divisions ruling on these cases. In addition the Rhodes Federal Unit No. 43, 415 and Rhodes State Com No. 5 are capable of producing approximately 500 mcfd. These wells are currently shut-in at a time when gas prices have been at an all time high for the area.

We respectfully request that you inquire about the status of these cases at the N.M.O.C.D. and advise us of a target date for a ruling. We are at the point where we are ready to pursue alternative remedies if a ruling is not forthcoming in the near future.

If you have any questions regarding this issue, please feel free to contact me at 972-401-3111.

Yours truly,

Richard R. Frazier
President, Chief Operating Officer

CC: Ms. Lori Wrotenbery N.M.O.C.D.

c: Mike
I expect to see
a draft order
no later than
Wednesday,
October 18.
LOH
P.S. I recognize
your efforts to
work off your
backlog — and
thank you.

