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PLEASE REPLY TO SANTA FE

BY HAND-DELIVERY
November 18, 1999

Michael Stogner
New Mexico Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87501

Re: NMOCD Case No. 12289; Application Of Gillespie Oil, Inc. to Amend Division
Order No. R-10864-A, etc., West Lovington Strawn Unit, Lea County, New Mexico

Dear Mr. Stogner:

During the course of the hearing in the above, it was represented that on October 26, 1999, I had been previously provided with the proposed language amending Article 10.4 of the WLSU Unit Operating Agreement that was introduced today as Exhibit 9 (copy enclosed). I indicated that I hadn't seen the Exhibit 9 language before today. You asked to be provided with additional proof on this issue.

I have located counsel's October 26, 1999 letter to me transmitting Gillespie's proposed amendatory language. A copy of the transmittal, with the proposed amendment attached, is enclosed.

Please compare the language in the October 26th document with the language of Exhibit 9. You will see that the two documents are different in both substance and effect. Consistent with the unequivocal testimony rendered by the Gillespie witness today, the language in Exhibit 9 was broadened to include the royalty interests while the operation of the earlier version was limited to the working interest owners, just like Attachment D to Order No. R-10864-A.

59 NOV 18 PM 4: 51
OIL CONSERVATION DIV

Michael Stogner
November 18, 1999
Page Two

Should you require additional information, please let me know.

Very truly yours,

A handwritten signature in black ink, appearing to read "J. Scott Hall". The signature is written in a cursive style with a prominent horizontal line across the middle.

J. Scott Hall

JSH/ao

Enclosure(s) – as stated

Cc: James Bruce, (with enclosure)
W. Thomas Kellahin, (with enclosure)
William F. Carr, (with enclosure)
Rand Carroll, (with enclosure)

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