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NATURAL RESOURCES AND OILS LAW

ALSON KELLAHIN (RETIRED 1991)

December 14, 2000

Mr. Mark Ashley, Hearing Examiner
Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87505

Case 12614 Via Facsimile

*Application of Energen Resources Corporation
for administrative approval of additional
injection wells for its Langlie Lynn Queen Unit
Waterflood Project, Lea County, New Mexico*

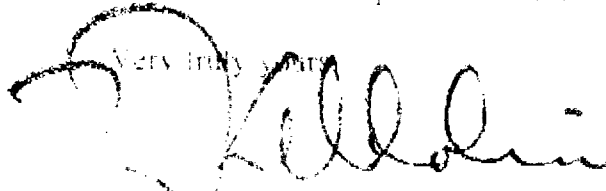
Dear Mr. Ashley:

I represent Lanexco, Inc. ("Lanexco") who, on March 15, 2000, filed an objection to Energen Resources Corporation ("Energen") referenced application.

Now, after almost nine (9) months, by letter dated December 6, 2000, Energen advised you that it is withdrawing its request to use Wells 3 and 9 as injection wells and confirmed that it has already withdrawn its request to use Well No. 23 as an injection well.

This morning, I was able to speak to Mr. Robert Landford of Lanexco who told me that Energen has now drilled these three wells. Also, this morning, I have been unsuccessful in trying to return Mr. Ken Gray's calls to me. However, I did speak to Mr. Scott Hall, Energen's attorney, and asked him to determine what Energen intends to do with these wells.

As Mr. Landford has already told the Division, Lanexco's production was infiltrated by injection from this unit when it was operated by Conoco. Therefore, Lanexco will hold Energen strictly liable for any damages occurring from water injection into this unit regardless of whether Lanexco has standing before the Division to complain about this revised application.

Very truly yours,

W. THOMAS KELLAHIN

cc: Lanexco, Inc.
Attn: Robert Landford (505) 395-3205
Energen Resources, Inc.
Attn: Kenneth Gray (915) 687-1155
J. Scott Hall, Esq.