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August 22, 2001

VIA FACSIMILE

Ms. Lori Wrotenbery, Director
Oil Conservation Division
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

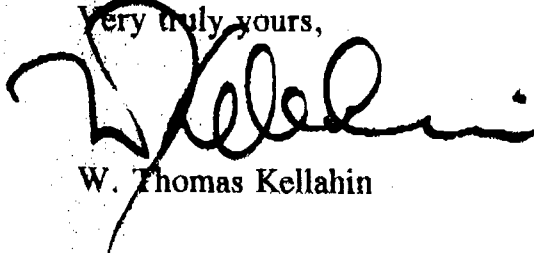
Re: REQUEST FOR CONTINUANCE*NMOCD Case No. 12709**Application of Melrose Operating Company
to expand its Artesia Unit Waterflood Project,
Eddy County, New Mexico.*

Dear Ms. Wrotenbery:

On behalf of the applicant, please continue the referenced case which appears for hearing on the September 6, 2001 Examiner's docket to the Examiner's docket scheduled for August 23, 2001.

This continuance is made necessary because Melrose is seeking data from BP Amoco for wells it operates in Empire Abo Unit in order to determine if these wells, which are within Melrose's Area of Review, have been properly cemented across the injection interval. Melrose expects to have received and reviewed the BP Amoco data in time for presentation at the September 6, 2001 hearing.

Very truly yours,



W. Thomas Kellahin

cfx: Melrose Operating Inc.
Attn: Ann E. Ritchie
William F. Carr, Esq.