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KAISER-FRANCIS OIL COMPANY

P.O. BOX 21468

TULSA, OKLAHOMA 74121-1468

6733 South Yale Ave.
(918) 494-0000

September 12, 2001

Mr. Michael Stogner
Engineering Bureau
Oil Conservation Division
New Mexico Energy, Minerals and
Natural Resources Department
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

SEP 17 2001

Re: Application for Unorthodox Well Location
Rule 104 Exception
Goodnight "35" Federal No. 3
660' FWL & 440' FSL of Sec. 35-T23S-R29E
Eddy County, New Mexico

Dear Mr. Stogner:

Kaiser-Francis Oil Company has received a copy of the application for a Rule 104 Exception filed by Kukui Operating Company as described herein above. Kaiser-Francis, as an owner of an approximate 20.86% working interest in the Devon operated H.B. State #1 well located in Section 2-T24S-R29E, Eddy County, New Mexico, hereby objects to the said application.

Sincerely,



Wayne A. Fields, Landman

cc. Tom Kellahin
Kellahin and Kellahin
P.O. Box 2265
Santa Fe, NM 87504-2265