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JASON KELLAHIN (RETIRED 1991)

April 25, 2002

VIA FACSIMILE

Mr. David K. Brooks, Esq.
Oil Conservation Division
1220 South Saint Frances Drive
Santa Fe, New Mexico 87505

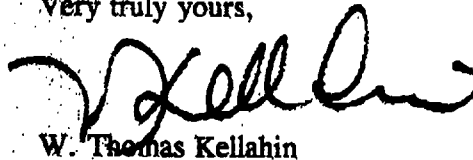
Re: PENROC OIL CORPORATION'S SUPPLEMENTAL REPLY
IN SUPPORT OF OXY USA WTP'S MOTION TO DISMISS
NEARBURG APPLICATION
NMOCD Case 12820
Application of Nearburg Exploration Company L.L.C.
for compulsory pooling, Lea County, New Mexico
W/2 Sec 5, T19S, R33E (Gem North "5" Federal Com Well No. 1)

Dear Mr. Brooks:

On behalf of Penroc Oil Corporation, I wish to report to you that Mr. M. Y. (Merch) Merchant has informed me that Penroc has successfully restored the Nellie Federal Well No. 1 to production and that as of yesterday, the well was producing 457 mcf/d. The well is dedicated to the S/2 of Section 5, T19S, R33E.

We renew our request that the Division dismiss the reference Nearburg application.

Very truly yours,



W. Thomas Kellahin

cc: Mr. Michael E. Stogner, Hearing Examiner
William F. Carr, Esq.
Attorney for Nearburg Exploration Company, Inc.
OXY USA WTP Lp.
Attn: Richard Foppiano
Penroc Oil Corporation
Attn: M. Y. "Merch" Merchant