

OIL CONSERV
DIVISION

Stratton & Cavin, P.A.

Attorneys & Counselors at Law

Harold D. Stratton, Jr.
Sealy H. Cavin, Jr.

9 03 320 Gold Avenue, S.W.
Suite 918
P.O. Box 1216
Albuquerque, New Mexico 87103-1216

Telephone: 505/243-5400
Facsimile: 505/243-1700

August 1, 1991

Due

CERTIFIED MAIL -- RETURN RECEIPT REQUESTED

Addressees listed at Exhibit A hereto

**Re: Application of Seay Exploration, Inc. for Compulsory Pooling,
Lea County, New Mexico**

Gentlemen:

This letter is to advise you that Seay Exploration, Inc. has filed the enclosed Application with the New Mexico Oil Conservation Division seeking the forced pooling of all mineral interests as follows:

From the surface of the Earth to the base of the Seven Rivers Formation (approximately 3,300 feet subsurface) for the formation of a 160-acre gas spacing and proration unit consisting of the NW1/4 of Section 6, T20S, R39E, N.M.P.M., Lea County, New Mexico for any production so spaced.

Seay Exploration, Inc. proposes to dedicate the referenced pooled unit to a well which will be located at a standard location. This Application has been set for hearing before a Division Examiner on August 8, 1991.

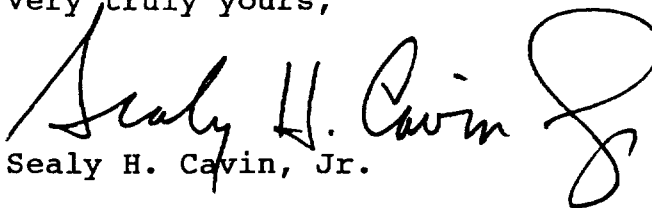
The Application was filed with the OCD on July 16, 1991 and notice of the case by publication was properly made. However, we inadvertently failed to provide personal notice as required by the OCD rules which require that "notice required by this rule shall be to the last known address of the party to whom notice is to be given at least 20 days prior to the date of hearing of the application and shall apprise such party of the nature and pendency of such action and the means by which protest may be made."

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Because drilling operations for the proposed well are imminent, we intend to put on our basic case at the August 8, 1991 hearing notwithstanding the notice deficiency. Because of the notice deficiency, we will request that the case be continued to the hearing scheduled for August 22, 1991 so that you have sufficient time to prepare for such hearing. You are not required to attend either of the hearings, but as an owner of an interest that may be subject to pooling, you may appear and present testimony. Failure to appear at that time and become a party of record may preclude you from challenging this application at a later date.

We are enclosing for your information a copy of the Application and the Docket.

Very truly yours,



Sealy H. Cavin, Jr.

SHC/jas

Enclosures

cc: William J. LeMay, Oil Conservation Division
John Seay, President, Seay Exploration, Inc.
Dan M. Leonard, President, Leonard Resource Investment
Corporation

THIS IS EXHIBIT A TO THE LETTER DATED
August 1, 1991 REGARDING APPLICATION OF
SEAY EXPLORATION, INC. FOR COMPULSORY
POOLING, LEA COUNTY, NEW MEXICO

EXHIBIT A

Harold W. Herndon, Deceased
Fort Worth, Texas

Libby P. Wright
Alameda County, California

Jean Marie Johansen et vir, Dan Johansen
Weston, Wyoming

R. A. Hefner, Jr. Estate
c/o GHK Company
3030 NW Expressway, 18th Floor
Oklahoma City, Oklahoma 73112

GHK Company, a Limited Partnership (formerly the R. A. Hefner Trust
#1 and Eva Hefner Trust #1)
3030 NW Expressway, 18th Floor
Oklahoma City, Oklahoma 73112