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March 22, 1998

Lori Wrotenbery
Oil Conservation Commission
2040 South Pacheco Street
Santa Fe, New Mexico 87505

Jami Bailey
Commissioner of Public Lands
State Land Office Building
310 Old Santa Fe Trail
Santa Fe, New Mexico 87501

William J. LeMay
Oil Conservation Commission
2040 South Pacheco Street
Santa Fe, New Mexico 87505

Re: Case No. 11514
Order No. R-10622-A
Read & Stevens, Inc.

Dear Commissioners:

Read & Stevens, Inc. ("Read & Stevens") filed an Application for Rehearing, in which they state that a penalty on its well is not necessary because "reservoir properties are not identical," and that "the reservoir is thicker around the Read & Stevens location than at the UMC well." **Application for Rehearing, p.11, ¶(1).** That is incorrect. Although Read & Stevens theorized at the hearing that its location would encounter over 30 feet of net pay (**Read & Stevens Exhibit No. 2**), in fact the well actually encountered **only 13 feet of net pay**. This figure can be verified from the log Read & Stevens is required to submit to the Division. The well's results discredit Read & Stevens' engineering simulation, especially its calculated gas-in-place, and support the penalty imposed by the Commission.

Therefore, UMC Petroleum Corporation requests that the Application for Rehearing be denied.

Very truly yours,

A handwritten signature in cursive script that reads "James Bruce". The signature is written in dark ink and is positioned above the printed name.

James Bruce

Attorney for UMC
Petroleum Corporation

cc: Marilyn S. Hebert
W. Thomas Kellahin

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JASON KELLAHIN (RETIRED 1991)

8/13/97

Lyn:

Attached is A
very rough DRAFT
A memo TO support
the motion you drafted -
I would like your
suggestions / ideas before
I spend more time
on this

Tom