



1106 N. Country Club Circle  
Carlsbad, NM 88220  
July 4, 2001

New Mexico Oil Conservation Division  
1220 South Saint Francis Drive  
Santa Fe, NM 87505

I and my son, Harvey Taylor, have an interest in a well designated the M & W Fed. located in Sec. 19, T18, R29, NMPM, past efficiently operated by H & S Oil. Beach Exploration, Inc., by certified mail dated June 20, 2001, has informed me of a hearing before the NMOCD for a proposed West High Lonesome Water Flood Unit Area hearing to be held at 8:15 a.m. on July 12, 2001, in Santa Fe, New Mexico. Proper documents and figures have not been provided Working Interest Owners being pooled to properly evaluate participation!

Beach Exploration's Mr. James Bruce's Application For Approval of a Water flood Project and to Qualify the Project for the Recovered Oil Tax Rate, marked June 19, 01, 2:09 p.m. makes reference to Exhibit A, Unit Area, (Proposed Unit Outline), which is properly provided with a certified mail letter of June 20, 2001. Reference is made to "Capital cost of additional facilities: \$929,000.00." Also; "Estimated total project cost: \$6,400,000.00." Neither of these have a breakdown AFE for analysis as to how Beach arrived at these summaries for expenditures, particularly for the M & W Fed., listed as well number 11 on the Exhibit A, and the costs to individual working interest owners, all factors necessary for cost analysis and participation. I've never heard of a Pooling Hearing that the interest owners did not have opportunity to examine detailed AFEs prior, and understand (per Mr. Jason Kellahin) it to be a requirement prior a Pooling Hearing. Exhibit B, designated Form C-108 concerning injection wells and the project is stated as attached, but no Exhibit B was attached for examination or consideration.

Beach's Application for Statutory Unitization, states an Exhibit B, the Unit Agreement, is attached and incorporated by reference. There is no Exhibit B attached, and verbally Beach's Mr. Robert Hinson has stated there is a major difference from an Operating Agreement previously sent interests and what the NMOCD will consider; but Mr. Hinson's letter dated June 20, 2001, states we have received the Unit Operating Agreement previously. Different? The Application for Statutory Unitization also fails to state what Beach seeks for non-consent participation.

I had anticipated a NMOCD's hearing notice which would contain Beach's proper AFEs, non-consent percent, well operating costs, and the missing Exhibits and data, all needed for proper evaluation prior any hearing. By copy of this letter to Mr. James Bruce, I am requesting the proper documents, exhibits, and figures as will be presented to and requested of the NMOCD. I intend to attend the hearing for explanations of Beach's requests and documents. I need time to examine the missing AFEs, Exhibits, and information prior any hearing. I request the hearing be postponed until I receive and have opportunity to adequately examine this data..

Sincerely,

*Brian Taylor*

Copy: Mr. James Bruce