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March 21, 2003

New Mexico Oil Conservation Commission  
1220 S. St. Francis Drive  
Santa Fe, NM 87504

Attention: Director and Chairman Wrotenbery  
Commissioner Bailey  
Commissioner Lee

Re: Case 12862/N. Dale Nichols  
Rule 201.B Compliance Hearing

Dear Director and Commissioners:

During my appearance yesterday regarding the captioned, it did not seem to be the time or place for an 'impassioned plea' on behalf of N. Dale Nichols, what with the hours of previous testimony concerning the "Pronghorn" SWD matter, and a room full of attorneys, that afternoon, representing what appeared to be an endless barrage of argument and testimony regarding pending matters.

However, although possibly inappropriate, I felt compelled to provide the following information that I believe was not addressed, as anticipated, in yesterday's proceedings.

It has certainly been obvious that numerous operators in New Mexico have not taken the NMOCD directives seriously, even after the hearings this time last year, and subsequent Order (s).

N. Dale Nichols is not one of these operators.

As evidenced by the information provided by the District II office in Artesia, Mr. Nichols addressed this issue in 2001 when first notified.

Time schedules were continually interrupted due to personal illness, unforeseen legal matters, lack of revenue, and the always present, day-to-day problems encountered with attempting to eek out a living producing marginal oil wells.

Again, as evidenced by Mr. Brooks and Mr. Gum, all work had been accomplished by June, 2002, save the Lynx #1 well and its significant downhole, mechanical problems, all costing Mr. Nichols considerable time, effort and revenue.

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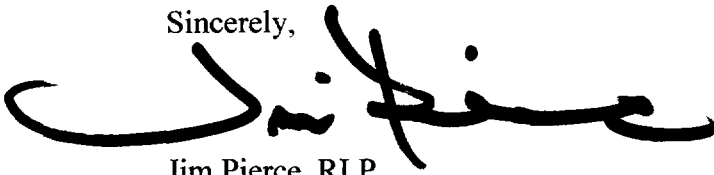
The work was accomplished. The proper paperwork was simply not provided to the OCD as timely as it should have been.

The penalties sought in this matter could eliminate Mr. Nichols as an oil and gas producer.

In the event this correspondence is inappropriate, please forgive my ignorance.

I am doing this solely of my own accord, without the knowledge of Mr. Nichols, or his legal counsel Mr. James Bruce.

Sincerely,

A handwritten signature in black ink, appearing to read "Jim Pierce". The signature is fluid and cursive, with a large initial "J" and a long, sweeping underline.

Jim Pierce, RLP