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UNITED STATES EXPLORATION, INC.

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DENVER, COLORADO 80202

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SEP 16 02
COGCC

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September 16, 2002

Colorado Oil & Gas Conservation Commission
1120 Lincoln, Suite 801
Denver, Colorado 80203

Attention: Mr. Richard T. Griebing, Director

Re: Black Hollow Unit
T-7&8-N, R-66&67-W
Weld County, Colorado

Gentlemen:

Stelbar Production Company("Stelbar") is the operator of a secondary unit, dated effective November 27, 1957, called the Black Hollow Unit which covers the Lyons Sand under the following lands:

Township 7 North, Range 66 West, 6th P.M.
Section 6: Lots 1, 2, 3, 4, 5, 6, 7, SW/4NE/4, SE/4 NW/4, NE/4SW/4
Township 7 North, Range 67 West, 6th P.M.
Section 1: Lots 1, 2, S/2NE/4, SE/4
Township 8 North, Range 66 West, 6th P.M.
Section 30: Lot 4, SE/4SW/4, S/2SE/4
Section 31: Lots 1, 2, 3, 4, E/2W/2, E/2 (All)
Township 8 North, Range 67 West, 6th P.M.
Section 25: SE/4SE/4
Section 36: E/2
Weld County, Colorado

Union Pacific Railroad Company, predecessor to Anadarko E&P Company LP and RME Land Corp., granted an Oil & Gas License to The California Company, predecessor to Stelbar, dated November 20, 1951, for a term not to exceed fifty (50) years covering the following lands which are subject to the Black Hollow Unit:

Township 7 North, Range 67 West, 6th P.M.
Section 1: Lots 1, 2, S/2NE/4, SE/4 (E/2)
Township 8 North, Range 66 West, 6th P.M.
Section 31: Lots 1, 2, 3, 4, E/2W/2, E/2 (All)

These lands are described as Tract 1 under the Unit Agreement and have a Unit Participation of 53.05%

On November 20, 2001, the License expired and the interest thereunder reverted back to RME Land Corp. Under an Exploration Agreement dated April 9, 1998, between Union Pacific Resources Company, predecessor to Anadarko E&P Company LP, and United States Exploration, Inc. (UXP), and ratified by Union Pacific Land Resources Corporation, predecessor to RME Land Corp., UXP is entitled to an oil and gas lease covering the Tract 1 lands described above and therefore entitled to 53.05% working interest under the Black Hollow Unit.

Stelbar did not agree with this interpretation and filed suit against RME Petroleum Company, by name change now known as Anadarko E&P Company LP, in Weld County District Court, Case No. 01 CV 201, for a Declaratory Judgment that the License would remain in effect for the term of the Unit Agreement. UXP's Motion to Intervene was granted. Thereafter both UXP and Stelbar filed Motions for Summary Judgment which was granted in favor of UXP. The District Court agreed that the License expired on November 20, 2001. Stelbar appealed this decision. The Court of Appeals affirmed the District Court's decision. Stelbar did not file a Petition for Rehearing, but they have until September 30, 2002, to file a Petition for Writ of Certiorari. However, UXP was advised by Mr. Tom Marranzino, a landman for Anadarko, that on September 12, 2002, Stelbar notified him that they intend to plug the wells in the Black Hollow Unit. It is UXP's belief that these wells are still capable of commercial production and that it would be harmed if Stelbar were allowed to plug these wells.

Accordingly, UXP asks that if Stelbar files a Form 6, Notice of Intent to Abandon, for any of the wells described below that UXP be given notice so that it may immediately file an application before the Colorado Oil and Gas Commission for a hearing to stop Stelbar from committing waste, and possibly ask for a change of operator into UXP to protect against Stelbar's plugging the wells prematurely in the future.

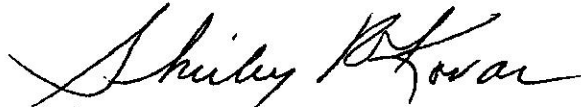
The following are the producing wells under the Black Hollow Unit:

1. Black Hollow Unit - UPRR #2
NE/4SW/4 Section 31-8N-66W
API #05-123-05463
2. Black Hollow Unit - UPRR #13
NW/4NW/4 Section 31-8N-66W
API #05-123-05482
3. Black Hollow Unit - UPRR #7
NE/4NE/4 Section 1-7N-67W
API #05-123-05445
4. Black Hollow Unit - State #2
SE/4SE/4 Section 36-8N-67W
API #05-123-05454

UXP appreciates the Commission's assistance with this matter. Hopefully, the problem will be resolved before Stelbar attempts to plug these wells. If you have any questions, or need additional information, please contact the undersigned at (303) 863-3542.

Sincerely,

UNITED STATES EXPLORATION, INC.

A handwritten signature in cursive script, appearing to read "Shirley R. Kovar".

Shirley, R. Kovar,
Vice-President, Land

cc: Patricia C. Beaver
Dave Shelton