

**JTD RESOURCES, LLC**  
**P. O. BOX 3422**  
**MIDLAND, TEXAS 79702**

OIL AND GAS INVESTMENTS

(432) 682-3712 OFFICE  
(432) 682-8652 FAX

February 24, 2004

Coates Energy Trust  
Energy Plaza II, Suite 510  
8610 N. New Braunfels  
San Antonio, Texas 78217

Certified Mail  
Return Receipt Requested  
# 7001-0320-0003-9455-+3518

Attention: Sherrie D. Green  
Land Manager

**WIL CONSERVATION DIVISION**  
**CASE NUMBER**  
**EXHIBIT NUMBER 4**

Re: Capataz Operating, Inc.'s  
White Owl No.1 Well  
Section 2: NW/4  
T-20-S, R-38-E  
Lea County, New Mexico

Gentlemen:

Reference is made to NMOCD Order No. R-11684 pooling the SE/4 NW/4 of Section 2, T-20-S, R-38-E, Lea County, New Mexico from the surface to the base of the Abo formation.

As you know, that pooling order has expired. We have re-evaluated the location for the captioned well and have again revised the location. We now propose to drill the well in the NW/4 NW/4 of said Section 2. The surface location will be 500 feet from the north line and 330 feet from the west line, and the bottom hole location is estimated to be 1,300 feet from the north line and 330 feet from the west line. Total vertical depth is projected to be 7,800 feet. We propose to dedicate the NW/4 NW/4 of Section 2 as the 40-acre spacing unit for oil.

Enclosed for your review and consideration are two (2) copies of Capataz Operating, Inc.'s current AFE for the White Owl No. 1 reflecting estimated costs of \$374,844.00 to drill and evaluate the well to casing point and \$339,189.00 to complete the well, for a total completed well cost of \$714,033.00. Coates Energy Trust's 25% share of said estimated total completed well cost is \$178,508.25.

In the event Coates elects to participate in the well and pay its proportionate share of such

estimated well costs, please return one executed copy of the AFE to us at the address on our letterhead within thirty (30) days of receipt of this letter. Upon receipt of your AFE, we will forward the Operating Agreement to you for execution. Anticipated spud date for the White Owl No.1 is June 15, 2004.

A prompt response would be appreciated.

Very truly yours,

JTD Resources, LLC

*Dan M. Leonard*  
 Dan M. Leonard, Manager

<b>SENDER: COMPLETE THIS SECTION</b>	
<input type="checkbox"/> Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired. <input type="checkbox"/> Print your name and address on the reverse so that we can return the card to you. <input type="checkbox"/> Attach this card to the back of the mailpiece, or on the front if space permits.	
<b>1. Article Addressed to:</b> Coates Energy Trust Attn: Sherrile D. Green Energy Plaza II, Suite 510 8610 N. New Braunfels San Antonio, TX 78217	
<b>COMPLETE THIS SECTION ON DELIVERY</b>	
<b>A. Signature</b> <input checked="" type="checkbox"/> <i>Dan M. Leonard</i>	<b>B. Received by (Printed Name)</b> Dan M. Leonard
<b>C. Date of Delivery</b> 2/26/04	<b>D. Is delivery address different from item 1? If YES, enter delivery address below:</b> <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<b>3. Service Type</b> <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Registered <input type="checkbox"/> Insured Mail <input type="checkbox"/> Express Mail <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> C.O.D. <input type="checkbox"/> Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes	
<b>2. Article Number</b> (Transfer from service label) PS Form 3811, August 2001 Domestic Return Receipt (2525-02-04-1540)	