



MODRALL SPERLING

LAWYERS

February 5, 2003

VIA FACSIMILE: 505-476-3220

Carol Leach  
General Counsel  
State of New Mexico  
Energy, Minerals & Natural Resources Dept.  
P.O. Box 6429  
1220 S. St. Francis Dr.  
Santa Fe, NM 87505

Re: San Juan Coal Company's Pending Request for Stay

Dear Ms. Leach:

I write to remind you of San Juan's pending request for stay. In San Juan Coal Company's Application for Review by the Secretary ("Application"), San Juan also requested that the Secretary continue the effect of the Commission's stay, pending review of this matter by the Secretary. (See Section VIII of Application, Page 20). Richardson Operating Company opposes the stay, as briefly described in its footnote 16 on page 17 of its Response to San Juan Request. In granting San Juan's Request for Review, the Secretary did not act on San Juan's Request for Stay, and it is pending.

San Juan is still investigating, but it appears that Richardson has recently engaged in unauthorized drilling. It appears from the Exhibit to Richardson's January 28 Surreply that on January 17 through 19, 2003, Richardson drilled a new infill well in Section 36, T30N, R15W, on state lands. Moreover, the Surreply indicates, without mention of dates, that another well in Section 19, T19N, R14W, has been drilled; it further represents that the well is not an infill well, but San Juan disputes that representation. The recent activity by Richardson appears to be in derogation of the stay and the Division's rules, and it emphasizes the need for the Secretary to clarify that the July 26, 2002 stay in this matter continues, pending final review by the Secretary as described in Section VIII of San Juan's Application.

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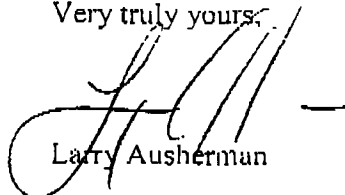
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Thank you for your attention to this matter.

Very truly yours,



Larry Ausherman

LPE/cc

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