



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
BETTY RIVERA
Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

October 24, 2002

Mr. Thomas Kellahin
Kellahin & Kellahin
Attorney at Law
Post Office Box 2265
Santa Fe, New Mexico 87504-2265

Dear Mr. Kellahin:

Based upon the reasons stated in your letter of October 20, 2002, and in accordance with the provisions of Division Order No. R-11762, San Juan Resources, Inc. is hereby granted an additional extension of time until February 1, 2003, in which to commence drilling the well pooled by this order.

Sincerely,


LORI WROTENBERY
Division Director

fd/

cc: ✓ Case No. 12796
OCD - Aztec

**KELLAHIN & KELLAHIN
ATTORNEY AT LAW**

W. THOMAS KELLAHIN
NEW MEXICO BOARD OF LEGAL
SPECIALIZATION RECOGNIZED SPECIALIST
IN THE AREA OF NATURAL RESOURCES-
OIL AND GAS LAW

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October 20, 2002

Visa Facsimile and Hand Delivered

Ms. Lori Wrotenbery, Director
Oil Conservation Division
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

Re: Request of San Juan Resources, Inc.
for Extension of Date for Commencement of Well
Pursuant to Compulsory Pooling Order R-11762
Case 12796 (Kaempf Well No. 1E)
S/2 Section 19, T30N, R11W, NMPM
San Juan County, New Mexico

Dear Ms. Wrotenbery:

On behalf of San Juan Resources, Inc. and in accordance with the provisions of the referenced order, I am requesting an extension of the commencement date for this well which is currently set to expire on November 1, 2002 and in support state:

- (1) This pooling order pools the interest of Mr. Frank A. King which is 5/63 % in the Mesaverde formation for this downhole commingled wellbore;
- (2) The order was entered effective April 17, 2002 and provides that this well shall be commenced on or before July 31, 2002;
- (3) By letter dated June 17, 2002, I requested an to November 1, 2002 in order to resolve a contract dispute with a party not current subject to this pooling order.

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Oil Conservation Division
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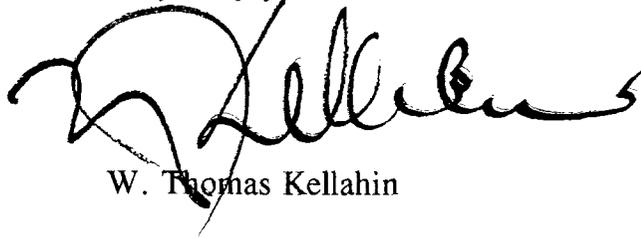
(4) George Taoka, a partner in certain wells drilled and operated San Juan Resources, signed a letter agreement in May, 2001 to farmout his interest in the spacing unit for the referenced well. Mr. Taoka died in December, 2001 and his successor is not honoring the letter agreement. San Juan Resources, Inc. is initiating suit in San Juan County, New Mexico over this matter as indicated in a letter dated October 16, 2002 from San Juan Resources's litigation attorney. **See Enclosure (1)**

(5) The Taoka interest is estimated by me to involve a 23% to 26.50% working interest in this spacing unit.

(6) Do to this situation, San Juan Resources, Inc. request an extending of the spudding deadline for this well until the litigation is resolved.

(7) An extension of the commencement date for this well will avoid the necessity of having to commence a new pooling case for this well.

Very truly yours,

A handwritten signature in black ink, appearing to read 'W. Thomas Kellahin', written over a horizontal line.

W. Thomas Kellahin

cc: David K. Brooks, Esq.
(NMOCD Hearing Examiner)
San Juan Resources, Inc.
Attn: Jerry McHugh, Jr.
(303) 573-6444

LAW OFFICES
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October 16, 2002

Mr. Tom Kellahin, Esq.
Kellahin & Kellahin
Post Office Box 2265
Santa Fe, New Mexico 87504-2265

Re: Jerry McHugh - San Juan Basin Properties, LLC
Litigation Status

Dear Mr. Kellahin:

My client Jerry McHugh has asked that I advise you of the status of the litigation between San Juan Basin Properties, LLC and TOP Operating Co. and the estate of George Taoka.

The short answer is that suit was filed on July 19, 2002, both defendants have now answered, and the case is at issue. Enclosed herein for your reference are copies of the Complaint and the Answers. No discovery has been initiated as yet. There have been no settlement negotiations.

If you have any additional questions concerning this matter, feel free to contact me.

Sincerely,


LARRY T. THROWER

LTT:vj

Enclosures

xc: client

