

# SAN JUAN RESOURCES, INC.

JERRY McHUGH, Jr.

August 24, 2001

Frank A. King  
4580 Belfort Place  
Dallas, TX 75205

RE: Kaempf #1E Well, your MV Interest  
T30N, R11W, Section 19: S/2, San Juan County, NM

Dear Mr. King,

San Juan Resources, Inc. (SJR) is going to drill a well deep enough to penetrate the lower Dakota formation by the end of the year. We will test both Dakota and Mesa Verde formations and attempt completions in both zones. Our plans are to commingle production in the two zones, MV and DK. We enclose a JOA, an AFE for the Kaempf #1E well, an exhibit indicating your interest between the base of the PC and the top of the DK, and a copy of a drill site plat.

Our records indicate that you are owner of the minerals between the Base of the Pictured Cliffs formation and the top of the Dakota Formation. You assigned your minerals to A. D. Mammel in the Dakota. In a telephone conversation two weeks ago with our office, you indicated that you wanted to participate in this well we are proposing. We hope that this information is what you need to determine your commitment to this well. In addition, please verify that this is the interest you own in the above referenced drill site.

The exhibit we enclose attached to the AFE indicates your interest in the non-DK zones below the base of the PC. We have included in the JOA a cost allocations provision, designed by some San Juan Basin companies who work together. If you will read this provision carefully, you will see how SJR will allocate expenses between the two zones, since we have non-equal ownership between the MV and DK. We will need to have you sign the JOA *prior* to SJR's spudding the Kaempf #1E well, so that we know as to your commitment to this well.

Please sign one copy of the signature page to the JOA and to the Exhibit "H" of the JOA, have your signature acknowledged and return one copy of each signature page back to our offices. A complete copy of the JOA will be forwarded to your at a later date. Please feel free to contact myself or landman, Dick Frazey, with questions or comments about this well or me.

Very Truly Yours,  
SAN JUAN RESOURCES, INC.

Jerry McHugh, Jr.  
PRESIDENT

Enclosures as indicated

BEFORE THE  
OIL CONSERVATION DIVISION  
Case No. 12796 Exhibit No. 6  
Submitted By:  
San Juan Resources  
Hearing Date: February 21, 2002

COPY

1499 Blake Street, #7K  
Denver, CO 80202 U.S.A.

Tel: 303.573.6333

Fax: 303.573.6444

email: jmchugh@sanjuanbasin.com

**SENDER: COMPLETE THIS SECTION**

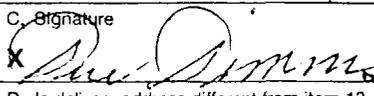
- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Frank A. King  
 4580 Belfort Place  
 Dallas, TX 75205

**COMPLETE THIS SECTION ON DELIVERY**

A. Received by (Please Print Name) \_\_\_\_\_ y) B. Date of Delivery \_\_\_\_\_

C. Signature   Agent  Addressee

D. Is delivery address different from item 1?  Yes  No  
 If YES, enter delivery address below: \_\_\_\_\_

3. Service Type  
 Certified Mail  Express Mail  
 Registered  Return Receipt for Merchandise  
 Insured Mail  C.O.D.

4. Restricted Delivery? (Extra Fee)  Yes

2. Article Number (Copy from service label) 7099 3400 0014 6682 3554

455E 2899 4T00 004E 6602  
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**U.S. Postal Service**  
**CERTIFIED MAIL RECEIPT**  
 (Domestic Mail Only Insurance Coverage Provided)

Postage	\$ 3.50
Certified Fee	2.10
Return Receipt Fee (Endorsement Required)	1.50
Restricted Delivery Fee (Endorsement Required)	
<b>Total Postage &amp; Fees</b>	<b>\$ 7.10</b>

Postmark: DENVER CO AUG 27 1997

Recipient's Name (Please Print Clearly) (to be completed by mailer)  
 Frank King  
 Street, Apt. No., or PO Box No.  
 4580 Belfort Place  
 City, State, ZIP+4  
 Dallas, TX 75205

PS Form 3800, February 2000 See Reverse for Instructions