

Jicarilla Apache Energy Corporation

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August 17, 2005

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Bureau of Land Management
Farmington Field Office
Attn: Mr. Steve Mason
1235 La Plata Highway, Suite A
Farmington, New Mexico 87401

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070 FARMINGTON NM



Dear Mr. Mason:

Per your letter to JAECO dated August 10, 2005.

- 1) No. 1, Los Indios Canyon 2A located 606' FNL & 1240' FFL, Sec. 2, T27N, R1W, Rio Arriba County, New Mexico. This well is a candidate for natural gas pipeline construction. 30-039-25118
- 2) No. 1, Los Indios Canyon 11J located 2400' FSL & 2100' FFL, Sec. 11, T27N, R1W, Rio Arriba County, New Mexico. This well is a candidate for natural gas pipeline construction. 30-039-25475
- 3) No. 1, Los Indios Canyon 15J located 1395' FSL & 2180' FFL, Sec. 15, T27N, R1W, Rio Arriba County, New Mexico. This well is a candidate for natural gas pipeline construction. 30-039-25476

JAECO herein request that the above three wells continue shut-in status until we have had time to evaluate and implement our course of action.

The last well listed in your letter is not operated by JAECO.

- 4) No. 1, Cedar Canyon 22K located 1940' FSL & 1830' FWL, Sec. 22, T28N, R1W, Rio Arriba County, New Mexico. This well was drilled under ENRE's Minerals Development Agreement (MDA) # 701-94-0012. This MDA reverted to the Jicarilla Apache Nation but was not included in the MDA assigned to JAECO. Therefore the BIA has responsibility to plug and abandon this well. 30-039-25543

Please feel free to contact me at 505-759-3224 if you have any questions.

Sincerely,

Jesse D. Evans, CEO & President
Jicarilla Apache Energy Corporation

Xc: File

Dulce, New Mexico

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