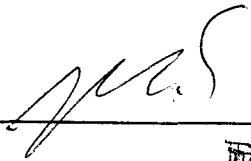


*Stogner*



**SAN JUAN RESOURCES, INC.**

JERRY McHUGH, Jr.

October 11, 2004

**RECEIVED**

OCT 14 2004

**CERTIFIED MAIL  
RETURN RECEIPT**

**OIL CONSERVATION  
DIVISION**

Frank King  
4580 Belfort Place  
Dallas, TX 75205

RE: Case # 12796, Compulsory Pooling Order R-11762-A  
Kaempf #1E Well, your MV interest

Dear Mr. King,

Enclosed please find an itemized list of costs for the Kaempf #1E well, in which you were force pooled in the Mesaverde per the above order. Per ¶2 of the order, the all formations indicated are hereby pooled. Even though we have yet to complete the Mesaverde, we consider you to be non-consent. In addition, we send you itemized costs of the well, drilling and completion. Let the NMOCD know if you dispute any of the charges of this well.

Thank you for your attention to this matter.

Very Truly Yours,  
SAN JUAN RESOURCES, INC.



Jerry McHugh, Jr.  
PRESIDENT

cc: NMOCD  
Thomas Kellahin, Santa Fe

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

Tel: 303.573.6333  
Fax: 303.573.6444

email: [jmchugh@sanjuanbasin.com](mailto:jmchugh@sanjuanbasin.com)

# SAN JUAN RESOURCES, INC.

JERRY McHUGH, Jr.

October 11, 2004

NON-CONSENT INTEREST OWNER

Frank King

RE: **Kaempff #1E Well**  
1490' FSL, 1133' FEL, Unit I,  
Section 19: T30N, R11W,  
San Juan County, New Mexico  
Case No. 13178, Force Pooling Order R-11762-A

Dear Pooled Working Interest Owner:

Please find enclosed an itemized schedule of the actual well costs for the Kaempff #1E well.

Per order number R-11762-A (page 4, ¶ 10) is restated here: "The operator shall furnish the Division and each known pooled working interest owner an itemized schedule of actual well costs."

This shall fulfill San Juan Resources requirements per the subject order. Thank you for your attention to this proposal.

Very Truly Yours,  
SAN JUAN RESOURCES, INC.



Jerry McHugh, Jr.  
PRESIDENT

cc: Thomas Kellahin, Santa Fe  
NMOCD, Santa Fe

Enclosures as indicated

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

Tel: 303.573.6333  
Fax: 303.573.6444  
email: [jmchugh@sanjuanbasin.com](mailto:jmchugh@sanjuanbasin.com)

San Juan Resources of Colorado  
Itemized expenses  
Kaempf 1E MV/DK

Account Name	Date	Description	Amount	
<b>Kaempf IE MV SJB</b>				
Unproved leasehold Costs	March-03	Title Search	123.23	
	October-03	R Frazey services	140.00	
	December-03	Row Access	375.00	
	December-03	Location	2,500.00	3,138.23
G & G Cost	July-03	Convert to PDF	21.21	21.21
Intangible Drilling/Comp. Exp	March-03	Legal Services	2,295.27	
	April-03	Legal Services	785.86	
	May-03	Legal Services	2,020.20	
	July-03	Legal Services	5,177.38	
	August-03	Surface Damages	820.49	
	September-03	Legal Services	6,302.00	
	September-03	Land Company Services	273.77	
	October-03	Legal Services	2,495.83	
	January-04	Dgl Title Opinion	212.05	
	January-04	Damages	49.00	
	January-04	Dirt Work	961.39	
	January-04	Pit Liner & Fence	274.03	
	January-04	Drilling Daywork	36,278.02	
	January-04	Shock Tool Rental	640.92	
	January-04	12-1/4" SDS #EF6097	264.85	
	January-04	Drill Bits	3,952.33	
	January-04	Drill Bits	3,185.98	
	January-04	Rig Mob & Demob	2,823.77	
	January-04	Water Hauling	1,574.10	
	January-04	Water Hauling	877.43	
	January-04	Drilling Mud, Air Pkg, Nitroge	15,671.70	
	January-04	Cement Surface	1,671.22	
	January-04	Logs	222.47	
	January-04	CH Logging	4,836.94	
	January-04	Casing Crew - 7"	1,189.82	
	January-04	Cement Intermediate	5,168.09	
	January-04	Miscellaneous Drilling Exp	18.64	
	January-04	Trucking	1,117.17	
	January-04	Engineering Drilling	3,744.77	
	January-04	Drilling OH 9 @ 166.67/day	750.02	
	January-04	Cement Production Casing	7,129.69	
	January-04	Casing Crew - 4-1/2"	1,976.37	
	January-04	Bridge Plug	1,057.50	
	January-04	Dakota Frac	22,790.53	
January-04	Point Lookout Frac	25,695.64		
February-04	Dirt Work	3,061.50		
February-04	Rock	974.26		
February-04	Pit Liner & Fence	105.00		
February-04	Drilling Daywork	121.52		
February-04	Water Hauling	1,330.01		
February-04	Drilling Mud, Air Pkg, Nitroge	9,777.39		

San Juan Resources of Colorado  
Itemized expenses  
Kaempf 1E MV/DK

Account Name	Date	Description	Amount
	February-04	Miscellaneous Drilling Exp	348.57
	February-04	Miscellaneous Drilling Exp	490.11
	February-04	Trucking	764.08
	February-04	Frac Tank Rental	1,381.25
	February-04	Miscellaneous Drilling Exp	22.45
	February-04	Restore Location	771.61
	March-04	Title Opinion	42.01
	March-04	Refund cement prod casing	(2,916.82)
			<u>180,578.18</u>
<b>Lease &amp; Well Equipment</b>	January-04	Well Sign	18.60
	January-04	Surface Casing 9-5/8"	1,679.18
	January-04	Intermediate Casing 7"	14,545.70
	January-04	7" OD 20.00# J-55 R-3	(29.02)
	January-04	Production Casing	14,206.74
	January-04	4-1/2" OD 11.60# J-55 R-3	(438.21)
	January-04	Tbg Head & Well Connect	26.82
	February-04	Tubing	7,131.83
	February-04	Separator	4,719.67
	February-04	Flowlines & Install	2,385.09
	February-04	Tank & Fittings	2,668.79
	February-04	Inline check valve	231.68
	February-04	Tank & Fittings	3,264.65
	February-04	Production Casing	742.30
	February-04	Tubing	(170.12)
			<u>50,983.70</u>
<b>General Cost</b>	July-03	NMOCD Case 12796	84.46
	July-03	Court Report	476.14
	September-03	Legal Services	98.94
	October-03	Legal Services	481.27
	October-03	Legal Transcripts	171.63
	October-03	TOP Settlement	674.25
	October-03	Consulting Services	90.00
	November-03	Consulting Services	150.56
			<u>2,227.25</u>
			<u>236,948.57</u>

San Juan Resources of Colorado  
Itemized expenses  
Kaempf 1E MV/DK

Account Name	Date	Description	Amount	
<b>Kaempf IE DK SJB</b>				
Unproved leasehold Costs	October-03	R Frazey services	140.00	
	December-03	Row Access	375.00	
	December-03	Location	2,500.00	3,015.00
G & G Cost	July-03	Convert to PDF	20.65	20.65
Intangible Drilling/Comp. Exp	March-03	Legal Services	2,295.28	
	04/31/03	Legal Services	785.86	
	May-03	Legal Services	2,020.20	
	July-03	Legal Services	5,177.38	
	August-03	Surface Damages	820.49	
	September-03	Legal Services	6,302.00	
	September-03	Land Company Services	273.77	
	October-03	Legal Services	2,495.83	
	January-04	Damages	49.00	
	January-04	Dirt Work	961.37	
	January-04	Pit Liner & Fence	274.03	
	January-04	Drilling Daywork	36,278.00	
	January-04	Shock Tool Rental	640.92	
	January-04	12-1/4" SDS #EF6097	264.84	
	January-04	Drill Bits	3,952.33	
	January-04	Drill Bits	3,185.97	
	January-04	Rig Mob & Demob	2,823.76	
	January-04	Water Hauling	1,574.10	
	January-04	Water Hauling	877.42	
	January-04	Drilling Mud, Air Pkg, Nitroge	15,671.69	
	January-04	Cement Surface	1,671.21	
	January-04	Logs	222.47	
	January-04	CH Logging	4,836.93	
	January-04	Casing Crew - 7"	1,189.81	
	January-04	Cement Intermediate	5,168.09	
	January-04	Miscellaneous Drilling Exp	18.64	
	January-04	Trucking	1,117.14	
	January-04	Engineering Drilling	3,744.77	
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	January-04	Cement Production Casing	7,129.67	
	January-04	Casing Crew - 4-1/2"	1,976.36	
	January-04	Bridge Plug	1,057.50	
	January-04	Dakota Frac	22,790.52	
	January-04	Point Lookout Frac	25,695.63	
February-04	Dirt Work	3,061.49		
February-04	Rock	974.25		
February-04	Pit Liner & Fence	105.00		
February-04	Drilling Daywork	121.53		
February-04	Water Hauling	4,666.31		
February-04	Drilling Mud, Air Pkg, Nitroge	11,673.72		
February-04	Miscellaneous Drilling Exp	348.56		
February-04	Miscellaneous Drilling Exp	490.11		

San Juan Resources of Colorado  
Itemized expenses  
Kaempf 1E MV/DK

Account Name	Date	Description	Amount
	February-04	Trucking	764.07
	February-04	Completion Overhead	1,500.00
	February-04	Frac Tank Rental	1,381.25
	February-04	Completion Fluids	1,484.88
	February-04	Completion Rig	18,744.43
	February-04	Trucking	5,209.07
	February-04	Drill Collar	3,260.16
	February-04	Diesel Fuel	578.73
	February-04	Miscellaneous Drilling Exp	22.44
	February-04	Supervisor Travel	249.92
	February-04	Perforations	6,215.68
	February-04	Trucking	1,028.28
	February-04	Restore Location	771.60
	March-04	Title Opinion	42.01
	March-04	Engineering Completion	5,425.10
	April-04	Refund log & frac	(54,330.54)
	April-04	Refund cement prod csg	(2,916.81)
			<u>174,964.23</u>
<b>Lease &amp; Well Equipment</b>	January-04	Surface Casing 9-5/8"	1,679.17
	January-04	Intermediate Casing 7"	14,545.70
	January-04	7" OD 20.00# J-55 R-3	(29.02)
	January-04	Production Casing	14,206.74
	January-04	4-1/2" OD 11.60# J-55 R-3	(438.22)
	January-04	Tbg Head & Well Connect	26.82
	February-04	Tubing	7,131.82
	February-04	Separator	4,719.67
	February-04	Flowlines & Install	2,575.98
	February-04	Tank & Fittings	2,668.78
	February-04	Inline check valve	231.69
	February-04	Tank & Fittings	3,264.65
	February-04	Production Casing	742.29
	February-04	Tubing	(170.11)
	February-04	Tank & Fittings	42.15
	March-04	90 Bbl Tank	1,882.61
	April-04	Plunger Equipment	4,661.09
			<u>57,741.81</u>
<b>General Cost</b>	July-03	NMOCD Case 12796	69.76
	July-03	Court Report	463.45
	September-03	Legal fee	98.94
	October-03	Legal Transcripts	171.62
	October-03	TOP Settlement	674.25
	October-03	Consulting Services	90.00
	November-03	Consulting Services	150.56
			<u>1,718.58</u>
			<u>237,460.27</u>