

Mark Fesmire, Director
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

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Mr. Fesmire:

Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, NM 87505

I have been told that the meter reading information in my letter of 2/2/07 was difficult to read, so I am enclosing another page 4 for clarification if you want to replace the original.

Thank you so much for your letter of February 15, 2007.

I was shocked to receive a copy of an "Allowable and Authorization to Transport" for Arch to produce in the Yates/Jalmat with Resler well B#1 that was dated only a few days after your letter saying that this well had been shut in.

I am referring the question of why to Richard Ezeanyim as suggested in your letter.

I do so appreciate your taking the time to communicate with me. We are hiring a lawyer to represent us as you suggested. I just hope we can get this whole thing cleared up.

Sincerely,


Bonnie Resler Karlsrud

Enc.

September 13, 2006 I replied to a notice of the OCD meeting of September 21, 2006. In this letter addressed to, "Commissioners of the New Mexico Oil Conservation Division." I talked about the fact that Arch had drilled two wells into the Jalmat knowing full well that the OCD had denied their request to do so. I also mentioned the illegal Division orders that had been sent to us, as well as the things that David Rose had done. I asked, "Can the OCD do anything about these things." I did not get a reply to this letter.

On October 27, 2006, I sent a fax to Gary Lang, Land Man at Arch/Pogo, requesting copies of well reports including Monthly Allocation Summary Reports with production reports and regulatory filings since August of 2005. I had no reply. So, December 13, 2006, I requested them again. This time I sent the request by certified mail. I received a receipt showing that the letter had been received by Arch/Pogo.

Communication with Arch/Pogo was practically non-existent through the lawyers. Finally, on January 24, 2007, I contacted Gary Lang about the requested reports. Gary told me that they had been very busy. He still did not send the requested reports.

9. The bottom line is that Arch/Pogo refused to send me the requested reports. That is a violation of our lease.

It was suggested that I contact Targa Midstream Services in Houston to get Arch/Pogo's gas production records. When I did, I was told that they could not give the records to me, but I was assured that I could get the records from Terri Stathem of Pogo, because he was the one who took care of the records. When I called Terri Stathem, he was not available.

At this point I was getting very tired of the run around. I asked a man, who knew wells, to go to the Resler B#1 well and check the production records on the well. What he found was a real eye-opener!

He found that the meter for Resler B#1 well, serial #104219, was not located at the Resler B#1 well site at all, but was located at the Resler B#2 well site. The Resler B#1 is the only well that we leased to Pogo that goes to the Yates.

10. On Thursday, January 25, 2007, the record on the Resler B#1 well showed that Arch/Pogo had produced 1,133 MCF that day from the Yates.

And that wasn't all. The CUMULATIVE RECORD on the well showed that the Resler B#1 well had produced 183,462 MCF from the Yates - from property that belongs to Resler and Sheldon!

This was estimated to be worth approximately \$1,650,000!

They were producing just as fast as they could IN SPITE OF THE OCD RULINGS AND IN SPITE OF THE LAW OF THE LAND. How illegal can it get? Even more.