



NEW MEXICO ENERGY, MINERALS and ¹²⁸⁸⁷
NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor
Joanna Prukop
Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

October 24, 2003

Mr. Michael Feldewert
Holland & Hart
Attorneys at Law
Post Office Box 2208
Santa Fe, New Mexico 87504-2208

Dear Mr. Feldewert:

Based upon the reasons stated in your letter of October 21, 2003, and in accordance with the provisions of Division Order No. R-11806, Kestrel, Inc., designated by Petrocap, Inc. as operator of the subject well, is hereby granted a fifth extension of time until January 31, 2004, in which to commence drilling the well pooled by this order.

Because of the length of time that has elapsed since the order was entered, any request for further extension will be set for hearing.

Sincerely,

LORI WROTENBERY
Division Director

fd/

cc: Case No. 12887 ✓
OCD - Hobbs

October 21, 2003

HAND DELIVERED

Lori Wrotenbery, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
2040 South Pacheco Street
Santa Fe, New Mexico 87505

RECEIVED

OCT 21 2003

Oil Conservation Division

**Re: Oil Conservation Division Case No. 12887: Application of Petrocap, Inc.
for compulsory pooling Roosevelt County, New Mexico.
Order No. R-11806**

Dear Ms. Wrotenbery;

On August 6, 2002, the Division entered Order No. R-11806 which granted the application of Petrocap, Inc. in the above-referenced case and pooled all uncommitted interests from the surface to the base of the Basal Penn Unconformity Sand formation underlying the N/2 of Section 22, Township 4 South, Range 31 East, NMPM, Roosevelt County, New Mexico in the following manner:

The N/2, forming a standard 320-acre gas spacing and proration unit for all formations or pools spaced on 320-acres within this vertical extent.

The NE/4, forming a standard 160-acre gas spacing and proration unit for all formations or pools spaced on 160-acre within this vertical extent.

The S/2 NE/4, forming a standard 80-acre spacing and proration unit for all formations or pools spaced on 80-acres within this vertical extent.

The SE/4 NE/4, forming a standard 40-acre spacing and proration unit for all formations or pools spaced on 40 acres within this vertical extent.

These pooled units are to be dedicated to the applicant's Stevenson Well No. 1 which Kestrel, Inc. (the designated operator of this well and of the units) proposes to re-enter and drill at a standard well location 1980 feet from the North line and 660 feet from the East line (Unit H) of Section 22.

Holland & Hart LLP

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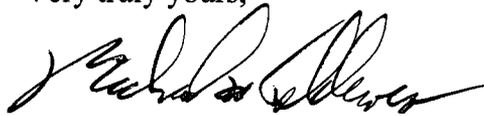
HOLLAND & HART^{LLP}
ATTORNEYS AT LAW

Lori Wrotenbery
October 21, 2003
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The Division has since extended Order R-11806 on four occasions, with the most recent extension to expire on October 31, 2003. Kestrel still plans to re-enter the Stevenson Well No. 1, but has encountered delays in closing the deal and obtaining necessary partner approvals. As result, Kestrel requests an additional extension of Order No. R-11806 to January 31, 2004.

Your attention to this request is appreciated.

Very truly yours,



Michael H. Feldewert

MHF/jlp

cc: Victoria Irwin
Petrocap, Inc.
Kestrel, Inc.

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