



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

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Lori Wrotenbery
Director
Oil Conservation Division

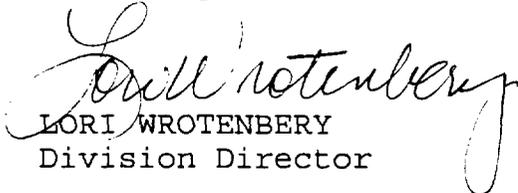
December 19, 2001

Mr. James Bruce
Attorney at Law
Post Office Box 1056
Santa Fe, New Mexico 87504

Dear Mr. Bruce:

Based upon the reasons stated in your letter of December 18, 2001, and in accordance with the provisions of Division Order No. R-11684, Leonard Resource Investment Corporation is hereby granted an extension of time until April 30, 2002, in which to commence drilling the well pooled by this order.

Sincerely,


LORI WROTENBERY
Division Director

fd/

cc: Case No. 12730
OCD - Hobbs

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OIL CONSERVATION DIV.
01 DEC 19 PM 12:34

December 18, 2001

Lori Wrotenbery
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Re: Order No. R-11684
SE $\frac{1}{4}$ NW $\frac{1}{4}$ S2-20S-38E
Leonard Resource Investment Corporation

Dear Ms. Wrotenbery:

Leonard Resource Investment Corporation ("Leonard Resource") requests that the well commencement deadline be extended for 90 days. The reasons for this request is as follows:

1. The above order grants Leonard Resource until January 31, 2002 to commence the well.
2. Leonard Resource recently completed and connected to a pipeline the following offsetting wells:
 - (a) The Red Tag Well No. 1, in the NW $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 2, was drilled to a depth of 7839 feet early this year. Completion was attempted in the Abo, Drinkard, Tubb, and Blinebry, with poor results. Daily production from the well in November averaged approximately 12 BO and 30 MCFG. The operator has proposed to re-stimulate the Blinebry, provided the Red Tag Well No. 2 is successfully completed in that interval; and
 - (b) The Red Tag Well No. 2, in the NE $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 2, was drilled to a depth of 7790 feet in August 2001. The well was completed in the Abo on October 31st, commingled with the Drinkard early in December, and placed on pump on December 11th.

Due to the nature of wells in this area, approximately 2-3 months is needed to evaluate production to determine

whether they are commercial, and to decide whether to drill an offset.

As a result of the foregoing, Leonard Resource requests that the commencement deadline be extended to April 30, 2002.

Thank you for your consideration of this matter.

Very truly yours,


James Bruce

Attorney for Leonard Resource Investment Corporation