

# SAN JUAN BASIN PROPERTIES LLC

JERRY McHUGH, Jr.

December 10, 2001

Frank A. King  
4580 Belfort Place  
Dallas, TX 75205

RE: Kaempf #1E and Kaempf #1 DK Wells  
Township 30 North, Range 11 West Township  
Section 19: S/2  
San Juan County, New Mexico

Dear Mr. King;

As we have attempted to inform you by our recent telephone calls and letters, San Juan Basin Properties LLC, ("SJBP"), plans to recomplete and or drill the captioned wells. In as much as you have an interest in the Mesa Verde formation, you are entitled to participate in the aforementioned operations. In anticipation of the commencement of our operations, we have expended \$14,154.00 for a geological review of the area and the resulting maps and in a land review and the preparation of various documents as a result thereof. We have also incurred costs for wellsite staking, surface damage settlement for the Kaempf KMV #1 well and for preparation of drilling the well. An invoice billing you for your share of these costs is enclosed for your further handling. Upon receipt of payment of this invoice, we will forward copies of the aforementioned maps.

Should you desire to not participate for your interest, SJBP hereby proposes that you grant SJBP a 3 year paid up oil and gas lease covering your minerals in the Mesa Verde formation underlying the captioned lands in exchange for \$75.00 per net mineral acre, retaining a 20% royalty interest, (thus delivering an 80% net revenue lease).

SJBP feels that it cannot economically proceed with the proposed drilling or re-completion of the existing well unless you participate in our operations or support our efforts under the terms listed above. Therefore, it may be necessary that we force pool your interest in front of the New Mexico Oil Conservation Commission. We expect to receive an order from the commission granting 100% reimbursement of drilling, completion and lease operating expenses plus a 200% penalty, after payout of the operation. Please contact us to let us know how you would like to proceed with this matter.

If you have any questions, please feel free to contact me.

Sincerely,

Richard E. Frazey, CPL  
Consulting Landman

BEFORE THE  
OIL CONSERVATION DIVISION  
Case No. 12796 Exhibit No. 4  
Submitted By:  
San Juan Resources  
Hearing Date: February 21, 2002

COPY

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

Tel: 303.573.6333  
Fax: 303.573.6444  
email: jmchugh@sanjuanbasin.com

# ACCOUNTS RECEIVABLE SUMMARY STATEMENT

Owner Code:KINGFR

Date:11/30/01

To: Frank A. King  
4580 Belfort Place  
Dallas TX 75205

From: San Juan Resources of Colorado  
Inc.  
1499 Blake St., Suite 7K  
Denver CO 80202

-----New Invoices This Statement-----					
Invoice Number	Well Code	Trans. Date	Transaction Description	Tran Type	Amount
823	20001-24	11/30/01	Kaempf #1E MV	JIB	481.34
824	20001-25	11/30/01	Kaempf KMV #1 MV	JIB	315.58

Total New Invoices 796.92\*

Current	30 Days	60 Days	90 Days
796.92	0.00	0.00	0.00

Balance Due This Statement 796.92\*\*

## JOINT INTEREST BILLING INVOICE

Invoice Number: 823  
 Expenses Thru: 11/30/01  
 Owner Code: KINGFR

Well Code: 20001-24 Kaempf #1E MV  
 Legal Description:

To: Frank A. King  
 4580 Belfort Place  
 Dallas TX 75205

From: San Juan Resources of Colorado  
 Inc.  
 1499 Blake St., Suite 7K  
 Denver CO 80202

Expense Description Vendor Name	Voucher AFE	Inv.Num. Date	Dec.Interest Case-Point	Gross Amount	Your Share
*** Unproved Leasehold Costs	***				
Bircher-9/25/01 Cost	3177	11/30/01	0.0563048000 ACP	109.10	6.14
San Juan Resources of Colorado					
Finney - 4/01-11/01 Costs	3177	11/30/01	0.0563048000 ACP	5,060.02	284.90
San Juan Resources of Colorado					
First USA-1/01 - 11/01 Costs	3177	11/30/01	0.0563048000 ACP	222.24	12.51
San Juan Resources of Colorado					
Frazey-8/01-10/01 Costs	3177	11/30/01	0.0563048000 ACP	1,509.97	85.02
San Juan Resources of Colorado					
Hacker-1/01-6/01 Costs	3177	11/30/01	0.0563048000 ACP	693.75	39.06
San Juan Resources of Colorado					
Hertz-3/01-5/01 Costs	3177	11/30/01	0.0563048000 ACP	36.64	2.06
San Juan Resources of Colorado					
McHugh-2/01-11/01	3177	11/30/01	0.0563048000 ACP	8.85	0.50
San Juan Resources of Colorado					
D Mohr-4/01-8/01 Costs	3177	11/30/01	0.0563048000 ACP	145.00	8.16
San Juan Resources of Colorado					
New Mexico Title-8/01 Costs	3177	11/30/01	0.0563048000 ACP	8.35	0.47
San Juan Resources of Colorado					
Perrin-3/01-6/01 Costs	3177	11/30/01	0.0563048000 ACP	7.09	0.40
San Juan Resources of Colorado					
Schutz-8/01 Costs	3177	11/30/01	0.0563048000 ACP	59.87	3.37
San Juan Resources of Colorado					
Walsh En. -10/01 Costs	3177	11/30/01	0.0563048000 ACP	115.36	6.50
San Juan Resources of Colorado					
Wanner-5/01-7/01 Costs	3177	11/30/01	0.0563048000 ACP	572.84	32.25
San Juan Resources of Colorado					
Total:				8,549.08	481.34

Net Invoice # 823 Amount for Kaempf #1E MV

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 481.34\*\*  
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# J O I N T   I N T E R E S T   B I L L I N G   I N V O I C E

Invoice Number:        824  
 Expenses Thru:        11/30/01  
 Owner Code:            KINGFR

Well Code: 20001-25    Kaempf KMV #1 MV  
 Legal Description:

To: Frank A. King  
 4580 Belfort Place  
 Dallas                    TX 75205

From: San Juan Resources of Colorado  
       Inc.  
       1499 Blake St., Suite 7K  
       Denver                    CO 80202

Expense Description Vendor Name	Voucher AFE	Inv.Num. Date	Dec.Interest Case-Point	Gross Amount	Your Share
*** Unproved Leasehold Costs	***				
Finney-4/01-11/01 Costs	3177		0.0563048000	2,757.62	155.27
San Juan Resources of Colorado		11/30/01	ACP		
First USA-1/01 - 11/01 Costs	3177		0.0563048000	222.24	12.51
San Juan Resources of Colorado		11/30/01	ACP		
Frazey-8/01-10/01 Costs	3177		0.0563048000	1,110.00	62.50
San Juan Resources of Colorado		11/30/01	ACP		
Hacker-1/01-6/01 Costs	3177		0.0563048000	562.50	31.67
San Juan Resources of Colorado		11/30/01	ACP		
Hertz-3/01-5/01 Costs	3177		0.0563048000	36.64	2.06
San Juan Resources of Colorado		11/30/01	ACP		
McHugh-2/01-11/01	3177		0.0563048000	7.42	0.42
San Juan Resources of Colorado		11/30/01	ACP		
D Mohr-4/01-8/01 Costs	3177		0.0563048000	145.00	8.16
San Juan Resources of Colorado		11/30/01	ACP		
New Mexico Title-8/01 Costs	3177		0.0563048000	8.35	0.47
San Juan Resources of Colorado		11/30/01	ACP		
Perrin-3/01-6/01 Costs	3177		0.0563048000	7.09	0.40
San Juan Resources of Colorado		11/30/01	ACP		
Schutz-8/01 Costs	3177		0.0563048000	59.87	3.37
San Juan Resources of Colorado		11/30/01	ACP		
Walsh Eng-10/01 Costs	3177		0.0563048000	115.36	6.50
San Juan Resources of Colorado		11/30/01	ACP		
Wanner-5/01-7/01 Costs	3177		0.0563048000	572.83	32.25
San Juan Resources of Colorado		11/30/01	ACP		
Total:				5,604.92	315.58

Net Invoice #        824 Amount for Kaempf KMV #1 MV

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 315.58\*\*  
 =====

4925 Greenville Ave., Suite 1050  
Dallas, Texas 75206

Ph: 214-369-4800 Fax: 214-369-6692

**REPUBLIC ENERGY INC.**

**FAX**

RECEIVED  
DEC 19 2001  
BY: \_\_\_\_\_

TO: Jerry McHugh, Jr.  
FAX #: 303-573-6444  
FROM: Frank A. King  
DATE: 12/19/01  
TOTAL PAGES INCLUDING COVER: 3

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I originally sent the attached letter to you on November 30, 2001. It should address the points you made in your letter dated December 10 (also attached).

Please let me know if you need any additional information.

BEFORE THE  
OIL CONSERVATION DIVISION  
Case No. 12796 Exhibit No. 10  
Submitted By:  
San Juan Resources  
Hearing Date: February 21, 2002  
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# REPUBLIC ENERGY INC.

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1050 One Energy Square • 4925 Greenville Avenue • Dallas, Texas 75206 • 214/369-4800 • Fax 214/369-6692

November 30, 2001

Via Facsimile: 303-573-6444

Mr. Jerry McHugh, Jr.  
San Juan Basin Properties LLC  
1499 Blake Street, #7K  
Denver, CO 80202

Re: My interest in minerals from a depth of \_\_\_\_\_ to \_\_\_\_\_ (the "Applicable Interval")  
underlying \_\_\_\_\_ (the "Subject Lands").

Dear Mr. McHugh:

I understand that you contemplate drilling a well on the Subject Lands which has, as one of three objective depths, the Applicable Interval.

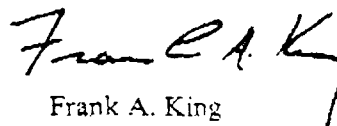
To facilitate your drilling, I propose to lease you my interest in the Applicable Interval occurring within the Subject Lands for a primary term of one year with no bonus payable and with no royalty payable upon production until such time as you have recovered 75% of your cost of drilling, completing and equipping the well in accordance with your authority for expenditure proposed for such well, but with a royalty rate of 100% on all production after such time you have recouped such 75% of your drilling, completing and equipping cost. It is the intent that you would have no interest under lease that was not producing.

In connection with this proposal, you would provide both a drill site title opinion for my review prior to commencement of drilling, and a division order title opinion upon obtaining a successful well, and provide me all daily drilling and completion reports via fax or email.

Fax: 214-526-1969  
Email: FAKing@aol.com

If you are interested in this proposal, please indicate by signing and returning this letter, in which case I will ask my attorney to prepare a lease document for review.

Sincerely,

  
Frank A. King

# SAN JUAN BASIN PROPERTIES LLC

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JERRY McHUGH, Jr.

December 10, 2001

Frank A. King  
4580 Belfort Place  
Dallas, TX 75205

RE: Kaempf #1E and Kaempf #1 DK Wells  
Township 30 North, Range 11 West Township  
Section 19: S/2  
San Juan County, New Mexico

Dear Mr. King,

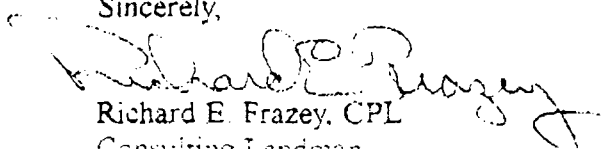
As we have attempted to inform you by our recent telephone calls and letters, San Juan Basin Properties LLC, ("SJB"), plans to recomple and or drill the captioned wells. In as much as you have an interest in the Mesa Verde formation, you are entitled to participate in the aforementioned operations. In anticipation of the commencement of our operations, we have expended \$14,154.00 for a geological review of the area and the resulting maps and in a land review and the preparation of various documents as a result thereof. We have also incurred costs for wellsite staking, surface damage settlement for the Kaempf KMV #1 well and for preparation of drilling the well. An invoice billing you for your share of these costs is enclosed for your further handling. Upon receipt of payment of this invoice, we will forward copies of the aforementioned maps.

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If you have any questions, please feel free to contact me.

Sincerely,

  
Richard E. Frazey, CPL  
Consulting Landman

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)