



KC Resources, Inc.

169 Saxony Road, Suite 212
PO Box 1118

Encinitas, CA 92024
Cardiff, CA 92007

Office: (760) 753-3330
Facsimile: (760) 753-4337

March 20, 2002

Mr. Tim Gum, District Supervisor
State of New Mexico
Oil Conservation Division
1301 West Grand Avenue
Artesia, NM 88210



Re: Paul Terry Et Al Gas Com #002
API No. 30-015-10860

Dear Mr. Gum:

Please accept this letter as follow-up to our submission of Form C-103. Unfortunately, the Wellbore sketch that was attached was sent prior to final approval by the field consultant.

Attached is a corrected Wellbore sketch in triplicate that should replace the initially filed copies. I have been in contact with Mr. Barton from your office and Mr. Brooks from OCD Legal to update the State as to our progress. The well is waiting on a pipeline connection.

We will notify the District office when Sales occur. Should you have any questions, please feel free to call me at (760) 753-3330.

Sincerely,

Joe Palmer
Tax/Production Analyst