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June 19, 2001
VIA FACSIMILE

David Brooks, Esq.
New Mexico Department of Energy,
Minerals, and Natural Resources
Oil Conservation Division
1220 S. Saint Francis Drive
Santa Fe, New Mexico 87505



Re: New Mexico Oil Conservation Division Order No. R-11520; In the Matter of the Hearing Called by the New Mexico Oil Conservation Division on its Own Motion for an Order (I) Requiring I.T. Properties to Properly Plug and Abandon a Certain Well in Eddy County, New Mexico; or (II) Authorizing the Division to Plug and Abandon this Well, and Ordering a Forfeiture of any Plugging Bond Covering this Well.

Dear Mr. Brooks:

This is a follow-up of our two telephone conversations today. You called me to check on the status of my client's efforts to bring this well back to production.

As you and I discussed, my client is in the process of obtaining approval for the well repairs from the other interest owners in the subject well. It is my understanding that Yates Petroleum, ABO, Yates Drilling and Myco Industries have agreed to participate in the re-work of the well. My client has indicated that the approval it has received from those entities has been verbal, and that it does not yet have signed AFEs for the subject work.


Attached please find a letter of today's date from Dr. K.W. Chen, president of I.T. Properties, to Mike Stubblefield of the Division's Artesia office. The attached letter confirms conversations that Mr. Stubblefield has had with Mr. Chen, and confirms the status of I.T. Properties' attempts to obtain approval for, and initiate, the work necessary to return this well to production. Mr. Chen also indicates that the work should be completed before July 25, 2001.

As soon as I receive them, I will forward to you signed copies of the AFEs for the well workover. In the meantime, consistent with our earlier discussions, I.T. Properties would like this matter to be continued until the July 27, 2001 Commission Docket.

David Brooks, Esq.
June 19, 2001
Page 2

Please let me know if you need any additional information before you will agree to a continuance. In addition, please let me know if you would like me to request the continuance, or whether you will do that on behalf of the Division.

Very truly yours,

A handwritten signature in black ink, appearing to read "Paul R. Owen". The signature is fluid and cursive, with the first name "Paul" and last name "Owen" clearly distinguishable.

Paul R. Owen

cc: Mr. Wendell Chen (via facsimile)
Mr. Tim Gum (via facsimile)

I.T. Properties

3502 Yachtclub Ct., Suite 100 • Arlington, TX 76016
TEL 817/ 561 9950 • FAX 817/ 478-1925

Via Facsimile

June 19, 2001

Mr. Mike Stubberfield
Mr. Tim Gum
New Mexico Oil Conservation
811 First St.
Artesia, NM 88210

Re: Re-completion and Casing Repair
DHY State #1
Section 23 T 19S R 28E
Eddy County, New Mexico

Dear Mr. Stubberfield,

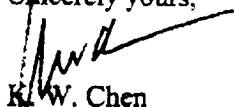
We sent to our partners, Yates Petroleum, ABO, Yates Drilling, Myco Industries and Devon Energy, an AFE to repair the casing for the above captioned well.

At this time Yates Petroleum, ABO, Yates Drilling and Myco Industries have agreed to participate in the re-work. We are still waiting for approval by Devon Energy.

However, we are proceeding to request a rig from L&R and a casing scan before the final procedure. We anticipate that Devon will respond by this week. Subject to availability of rigs, the final work will be completed before July 25, 2001

Should there be any matters regarding this continuance, please feel free to call this office.

Sincerely yours,


K.W. Chen
President

cc: Mr. Paul Owen (via facsimile)
Mr. Steven Ross (via facsimile)