

MONTGOMERY & ANDREWS
PROFESSIONAL ASSOCIATION
ATTORNEYS AND COUNSELORS AT LAW

Paul R. Owen
Direct Dial: (505) 986-2538
powen@montand.com

Post Office Box 2307
Santa Fe, New Mexico 87504-2307
325 Paseo de Peralta
Telephone (505) 982-3873
Fax (505) 982-4289
www.montand.com

October 11, 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:

You and I have spoken about this case several times in the last few days. This case is currently scheduled to be heard at the Commission hearing this Friday, October 12, 2001.

As you and I have discussed, and as Mike Stubblefield with the Division in Artesia has confirmed, my client has had a rig on the well location and has devoted significant resources and time to reworking the wellbore.

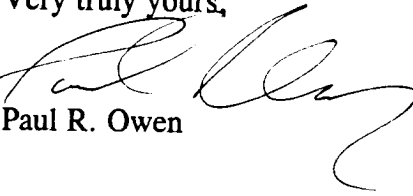
Consequently, you indicated that it would be appropriate to continue the case for an additional one month period, to the November 9, 2001 hearing. **This letter is confirmation of that continuance.** Between now and then, you and I agreed to explore the possibility of dismissing this case based on my client's work on the well.

My client is very interested in determining exactly what additional work the Division needs to see performed on the well, or what forms need to be filed, to satisfy the Division that the well is not abandoned, and that the plugging case is appropriate for dismissal. It will be greatly appreciated if you can discuss that matter with the District Office.

If you have any questions, please call.

David Brooks, Esq.
October 11, 2001
Page 2

Very truly yours,

A handwritten signature in black ink, appearing to read "Paul R. Owen", with a long, sweeping flourish extending to the right.

Paul R. Owen

cc: Mr. Wendell Chen (via facsimile)
Ms. Florene Davidson (via facsimile)

MEMORANDUM

To: Mike Stubblefield
From: David Brooks
Date: October 15, 2001
Re: I.T. Properties, DHY State No. 1

I enclose a copy of a letter from IT's attorney.

Please let me know when you are sufficiently satisfied with IT's activities to dismiss this case. Let me know also if there is anything specific that needs to be done.

DB

