

CAVIN & INGRAM, P.A.

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August 5, 2008

Via Fax to (575) 334-6170 & U.S. Mail

Charlie Perrin, District 3 Supervisor
New Mexico Energy, Minerals &
Natural Resources Department
Oil Conservation Division
1000 Rio Brazos Road
Aztec, NM 87410

Re: The Following Lands in San Juan County, New Mexico:

Township 30 North, Range 15 West, NMPM
Section 25: S/2

("Subject Lands")

The Following Wells Located on the Subject Lands:

Kelly No. 1 Well, API No. 3004526494; and
Kelly FC No. 1 Well, API No. 3004533326

("Subject Wells")

Dear Mr. Perrin:

This letter is sent to you on behalf of our client, Redwolf Production, Inc. ("Redwolf"). Redwolf is the operator of the Subject Wells. San Juan Coal Company is currently mining coal underlying the Subject Lands as part of its operations in the San Juan Underground Mine. San Juan Coal Company recently notified Redwolf that it may attempt to forcibly plug the Subject Wells and mine through Redwolf's wellbores.


In the event that an application is filed with your office or permission from your office is sought by or on behalf of San Juan Coal Company to plug the Subject Wells, this is to advise that Redwolf does not consent to the plugging of the Subject Wells. It is Redwolf's position that San Juan Coal Company has neither the legal nor the contractual right to forcibly plug the Subject Wells or otherwise interfere with Redwolf's ongoing oil and gas operations on the Subject Lands. Redwolf views any attempt to access its wellsites and plug its wells as a waste of oil and gas and a violation of its correlative rights to conduct its oil and gas operations without interference.

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Natural Resources Department
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Redwolf requests that it and its undersigned counsel be notified immediately upon any contact with your office in connection with any attempt to plug or otherwise access the Subject Wells. Thank you for your cooperation.

Sincerely,

CAVIN & INGRAM, P.A.

By: 
Stephen D. Ingram

SDI:tg

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bcc: Dana L. Delventhal, Redwolf Production, Inc.