

SAN JUAN RESOURCES, INC.

JERRY McHUGH, Jr.

CERTIFIED MAIL RETURN RECEIPT

RECEIVED

February 28, 2004

TO: Interest owners in the Lee #1 Well

MAR 1 2004

Re: Downhole Commingling Application
San Juan Resources of Colorado, Inc.
Lee #1 Well
Township 30 North, Range 11 West, N.M.P.M
Section 30: N/2
San Juan County, New Mexico

Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, NM 87505

DHC-1435AZ

Ladies and Gentlemen:

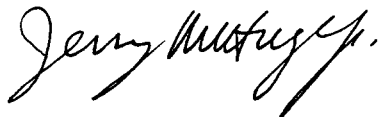
San Juan Resources of Colorado, Inc. (SJR) has filed for downhole commingling of the Mesaverde and Dakota Pools with the New Mexico Oil and Gas Conservation Division (NMOCD) for administrative approval for the above referenced well. Both pools have been approved for area wide downhole commingling. As an interest owner in this well in one or both of these pools, you are being notified of this application pursuant to NMOCD rules.

SJR will utilize previous Dakota production and new Mesaverde production to determine allocation factors for this well. Dakota will be allocated per historical declines.

If you desire to submit remarks concerning the application, please send them to Ms. Lori Wrotenbery, Director, New Mexico Oil Conservation Division, 1220 S. St. Francis Dr., Santa Fe, New Mexico, 87504, within 20 days from the receipt of this notice. If you have no objection to the proposal, no action is required on your part.

Thank you for your consideration in this matter and if you have any questions, please do not hesitate to contact me.

Very truly yours,
SAN JUAN RESOURCES OF COLORADO, INC.



Jerry McHugh, Jr.
PRESIDENT

cc: NMOCD

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

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

List of Interest Owners in the Lee #1 well, MV,DK fms, T30N, R11W, Sec 30: N/2
SAN JUAN RESOURCES OF COLORADO, INC, Operator, San Juan County, NM

James M. Martin
R. R. #1, Box 321
Council Grove KS 66846

Frank D. Barta
1025 Freyburg-Engle Rd
Schulenburg, TX 78956-5104

Esther Faye Campbell
323 Easy St.
Sutherlin OR 97479

TOP Operating, Co.
10881 Asbury Ave. Ste. 230
Lakewood CO 80227

XTO Energy
810 Houston, #2000
Ft. Worth, TX 76102-6223

Christmann Minerals Company
P O Box 66
Pinedale WY 82941-0066

CALVIN R COY
97 RD 3100
AZTEC NM 87410

DIAMOND HEAD PROPERTIES LP
P.O Box 2127
Midland, TX 79401-2127

C.W. Eckhart III
828 Gondola Place
El Paso TX 79912

WILMA J GILKEY
31 MAPLE AVE
BERKELEY HEIGHTS NJ 07922-1322

San Juan Basin Properties LLC
1499 Blake St., #7K
Denver, CO 80202

Marguerite Hammond
28273 Las Casa
Mission Viejo CA 92692

ALLEN W. HAMILL, JR. FAMILY
PARTNERSHIP
5 VIRGINIA AVENUE
RICHMOND VA 23226-1728

Richard G. Henderson
40 Buchanan #12
San Francisco CA 94102

Herd Partners, Ltd
PO Box 130
Midland TX 79702

John N Moore & Wilma Moore TTEES
119 Edward Ave
Lehigh Acres FL 33936

James G. Krahn
PO Box 118
Dobbin TX 77333

Rod Markham
1500 Broadway #1212
Lubbock TX 79401-3192

Manon McMullen
2200 Berkley
Wichita Falls, TX 76308

Charles McMurrey
4039 Piping Rock
Houston TX 77027

Minerals Management Service
P.O. Box 5810
Denver CO 80217-5810

Providence Minerals, LLC
14860 Monfort Drive
Suite 209
Dallas TX 75240

Perry G Pye
10826 St. Mary's
Houston TX 77079

Elizabeth Wendt Walton
5852 Indian Ave
San Jose CA 95123

NationsBank, N.A.
Escrow Agent-Sabine Rylty Trst
LBX 840887
Dallas TX 75284-0887

Greta Eckhart Sanders
318 Thunderbird
El Paso, TX 79912

Andrew Schell
7730 Canal St
Anchorage AK 99502

John W. Schell
3413 Ong. St.
Amarillo TX 79109

Farrell L. & Shirley Schell
24 York Drive
Piedmont CA 94611

ROBERT A WENDT
6730 HARMON DR
SACRAMENTO CA 95831

Leland & Linda J Ansley
1 Road 3112
Aztec, NM 87410

Charles Goetting, Jr.
6628 D. Dawn
El Paso, TX 79912

Karen S. Coy
95 Road 3100
Aztec, NM 87410

A. H. Norton
3407 Dow Dr
ROSWELL, NM 88201

Jeffrey Goetting
PO Box 391
Santa Theresa, NM 88085

Leslie G. Kennedy
4515 BORDEAUX
DALLAS, TX 75205

Gretchen Goetting Voronin

CHARLES GOETTING III