

JTD RESOURCES, LLC
P. O. BOX 3422
MIDLAND, TEXAS 79702

OIL AND GAS INVESTMENTS

(432) 682-3712 OFFICE
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February 24, 2004

Coates Energy Trust
Energy Plaza II, Suite 510
8610 N. New Braunfels
San Antonio, Texas 78217

Certified Mail
Return Receipt Requested
7001-0320-0003-9455-+3518

Attention: Sherrie D. Green
Land Manager

Oil Conservation Division
CASE NUMBER
EXHIBIT NUMBER 4

Re: Capataz Operating, Inc.'s
White Owl No.1 Well
Section 2: NW/4
T-20-S, R-38-E
Lea County, New Mexico

Gentlemen:

Reference is made to NMOCD Order No. R-11684 pooling the SE/4 NW/4 of Section 2, T-20-S, R-38-E, Lea County, New Mexico from the surface to the base of the Abo formation.

As you know, that pooling order has expired. We have re-evaluated the location for the captioned well and have again revised the location. We now propose to drill the well in the NW/4 NW/4 of said Section 2. The surface location will be 500 feet from the north line and 330 feet from the west line, and the bottom hole location is estimated to be 1,300 feet from the north line and 330 feet from the west line. Total vertical depth is projected to be 7,800 feet. We propose to dedicate the NW/4 NW/4 of Section 2 as the 40-acre spacing unit for oil.

Enclosed for your review and consideration are two (2) copies of Capataz Operating, Inc.'s current AFE for the White Owl No. 1 reflecting estimated costs of \$374,844.00 to drill and evaluate the well to casing point and \$339,189.00 to complete the well, for a total completed well cost of \$714,033.00. Coates Energy Trust's 25% share of said estimated total completed well cost is \$178,508.25.


In the event Coates elects to participate in the well and pay its proportionate share of such


estimated well costs, please return one executed copy of the AFE to us at the address on our letterhead within thirty (30) days of receipt of this letter. Upon receipt of your AFE, we will forward the Operating Agreement to you for execution. Anticipated spud date for the White Owl No.1 is June 15, 2004.

A prompt response would be appreciated.

Very truly yours,

JTD Resources, LLC


Dan M. Leonard, Manager

SENDER: COMPLETE THIS SECTION		COMPLETE THIS SECTION ON DELIVERY	
<p>1. Article Addressed to:</p> <p>Coates Energy Trust Attn: Sherrie D. Green Energy Plaza II, Suite 510 8610 N. New Braunfels San Antonio, TX 78217</p>		<p>A. Signature <input checked="" type="checkbox"/> Agent <input type="checkbox"/> Addressee</p> <p></p> <p>B. Received by (Printed Name) <input checked="" type="checkbox"/> Agent <input type="checkbox"/> Addressee</p> <p>Sherrie D. Green</p> <p>C. Date of Delivery</p> <p>2/26/04</p> <p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>If YES, enter delivery address below:</p>	
<p>2. Article Number (Transfer from service label)</p> <p>PS Form 3811, August 2001</p>		<p>3. Service Type</p> <p><input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail</p> <p><input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise</p> <p><input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.</p> <p>4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>	

Domestic Return Receipt

(02535-02-04-1540)