

# REDWOLF PRODUCTION, INC.

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CERTIFIED - RETURN RECEIPT REQUESTED

January 3, 2000

Maralex Resources, Inc.  
621 17th Street, Suite 1125  
Denver, CO 80293  
Attn: Mr. Patrick M. Keller

Dear Mr. Keller:

Please find enclosed a copy of the State of New Mexico, Oil Conservation Division Order No. R-11301, pooling all minerals in the N/2 of Section 36, Township 26 North, Range 13 West for the development of the Basin Fruitland Coal formation.

If Maralex Resources, Inc. wishes to participate in the drilling of the Bear No. 1 well, please remit your proportionate share of well costs (\$99,637.36) to Redwolf Production, Inc. within 30 days of receipt of this letter. Your failure to remit these funds within this time frame will be deemed an election to go non-consent in the subject well.

If you have any questions, please give me a call at (505) 326-4125.

Sincerely,

Dana L. Delventhal  
Vice President

BEFORE THE OIL CONSERVATION DIVISION  
Santa Fe, New Mexico  
Case No. 12299 de novo Exhibit 2  
Submitted by: Redwolf Producing, Inc.  
Hearing Date: June 23, 2000

Production and Exploration

Area	<u>Farmington, NM</u>	Field	<u>Basin Fruitland Coal</u>	AFE No.	<u>042099RW</u>
Type: (X) 1. D & E 2. Repair 3. Other				Well Name	<u>Bear No. 1</u>
Group: (X) 1. Dev. 2. Maint. 3. Expl. 4. Inv. 5. Other				County and State	<u>San Juan, New Mexico</u>
Project:	<u>Drill and complete a Fruitland Coal well.</u>			TD and Obj.	<u>1300' - Fruitland Coal</u>
				Land Lease No.	
				AFE Date	<u>20-Apr-99</u>
Operator	<u>Redwolf Production, Inc.</u>			Commencement Date:	<u>30-Nov-99</u>
				Completion Date:	<u>1-Feb-99</u>

(1) Location, (2) Division of Int. (3) Justification

(1) Proposed Location: NENE Section 36, T26N, R13W  
 San Juan County, New Mexico  
 Dedicated Acreage: N/2 of Section 36, comprising 320 acres m/l

(2) Division of Interest: Maralex Resources, Inc. 57.111863 %WI

(3) Justification: To develop Basin Fruitland Coal reserves in the N/2 of Section 36, T26N, R13W

Description	TANGIBLE Gross \$	INTANGIBLE Gross \$	GROSS ECONOMICS
Material Purchased	65,000		Gross Recovery _____
Fuel, Water, Lubs., Elec.		1,600	Discount Factor _____ %
Loc. Damages, Roads-Bridges		9,650	Discounted Profit \$ _____
Salvage & Dismantling Costs			Rate of Return _____ %
Drilling Contract-Footage		14,000	Payout _____
Drilling Contract-Daywork		5,000	
Drilling Bits & Reamers			
Fishing Tool Expense			
Directional Drilling Costs			
Mud Mat'ls, Chems. & Services		1,000	
Cement & Cementing Service		4,300	
Noncontrollable Materials			
Rentals		2,500	
Coring Costs			
Drill Stem Tests			
Perforating		1,500	Cash and Warehouse Outlay
Acidizing, Fracturing		24,000	Gross Cost <u>\$ 174,460.00</u>
Well Services, Elec.-Mud Log.		2,000	Net <u>\$ 99,637.36</u>
Transportation		1,500	
Overhead-Partner Op'd.		4,000	
Area Expense			
Co. Labor & Supervision			Approvals: _____ Date
Contract Labor		1,300	
Fabrication & Installation		1,800	
Miscellaneous Services		6,450	<i>Dana P. Dehertel</i>
Miscellaneous Costs (Meter)		13,000	Redwolf Production, Inc. <u>4/20/99</u>
Subtotal	\$ 65,000	\$ 93,600	
Tot. Cash & Wrhs. Outlay			
Material on Hand			
Contingency at 10%	6,500	9,360	Maralex Resources, Inc.
Grand Total	\$ 71,500	\$ 102,960	
TOTAL WELL COST	\$ 174,460		

Is your RETURN ADDRESS completed on the reverse side?

**SENDER:**

- Complete items 1 and/or 2 for additional services.
- Complete items 3, 4a, and 4b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee):

- 1.  Addressee's Address
- 2.  Restricted Delivery

3. Article Addressed to:

Maralex Resources, Inc.  
621 17<sup>th</sup> Street, Suite 1125  
Denver, CO 80293  
Attn: Mr. Rick Keller

4a. Article Number

**P 103 696 603**

4b. Service Type

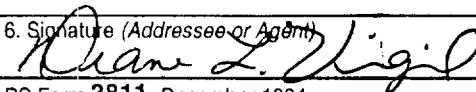
- Registered  Certified
- Express Mail  Insured
- Return Receipt for Merchandise  COD

7. Date of Delivery : **06 JAN 2000**

5. Received By: (Print Name)

8. Addressee's Address (Only if requested and fee is paid)

6. Signature (Addressee or Agent)



PS Form 3811, December 1994

102595-99-B-0223

Domestic Return Receipt