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INCOMING
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M. Pam ✓

August 18, 2003

Ms. Pamela Grubaugh-Littig, Permit Supervisor
Division of Oil, Gas and Mining
1594 West North Temple, Suite 1210
P.O. Box 145801
Salt Lake City, Utah 84114-5801

RECEIVED

AUG 25 2003

DIV. OF OIL, GAS & MINING

RE: Ritzakis 33-516 well pad location

Dear Pam:

Based on a concern raised by Mr. Peter Hess, who is the Division representative inspecting the Wildcat Loadout facility, a meeting was held on August 11, 2003 relative to a well pad location adjacent to the Andalex Resources Wildcat Loadout area. The well pad for the Ritzakis 33-516 was constructed in the SE1/4 of section 33 by ConocoPhillips Company about a year and a half ago, however, no drilling activity has taken place to date.

The Bureau of Land Management is the surface management agency in this area. They have issued Rights-of-Way for both the loadout and the well location. After the well pad was developed it was realized that the rights-of-way were somewhat overlapping and the construction area for the well inadvertently crossed over into the permitted area for the Wildcat Loadout, BLM Right of Way U-48027. This overlap has been discussed with the BLM and they do not have a concern with the overlap of the rights-of-way.

After this location was built, the company put a hold on future drilling activities in the northern portion of the gas field due to poor well performance. ConocoPhillips Company is currently assessing the potential for using horizontal drilling techniques on this well to enhance gas recovery. It is anticipated that within the next 2-3 years the technology will be found suitable for drilling and production purposes of this well or, the well would not be drilled and the site then reclaimed. At that point, reclamation of the well pad would be in accordance with BLM requirements as specified in the Right-of-Way document issued to ConocoPhillips for this well pad location.

We hope this clarifies the current situation and provides assurance that, if not utilized, the well pad will be reclaimed according to BLM requirements and conditions. Should you have any additional questions please contact me.

Sincerely,

Jean Semborski
Permitting Supervisor

fc: Pete Hess
Mike Glasson, Andalex Resources