



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

November 7, 1996

Jeff Eyles, Claims Dept.
Kemper Insurance
POB 1878
Arlington Heights, IL 60006

RE: (1) H.W. Pace well bond--Case No. 11500
(2) Deanie Lou /James E. Sealy well bond--Case No. 11499

Dear Mr. Eyles:

Pursuant to your request, enclosed are: (i) a copy of the letter sent to Harrison W. Pace regarding the above-referenced bond in Case No. 11500, and (ii) copies of the plugging bond and plugging order in Case No. 11499 regarding the Deanie Lou/James Sealy well.

You may want to arrange for the plugging of these two wells by American Manufacturers since you may get them done cheaper than the State can do through its contracting process. If the State has to do it, we will foreclose on the two bonds in the amounts necessary to reimburse us for our costs.

If you have any questions, please feel free to call me at 505/827-8156 or Ray Smith at our Artesia, NM office (regarding how to get these wells plugged) at 505/748-1283.

Sincerely,

A handwritten signature in black ink that reads "Rand Carroll". The signature is fluid and cursive, with the first name "Rand" and last name "Carroll" clearly distinguishable.

Rand Carroll
Legal Counsel

c: Ray Smith, OCD Artesia