



KAISER COAL CORPORATION
102 SOUTH TELSON STREET, SUITE 800 ■ P.O. BOX 2679
COLORADO SPRINGS, COLORADO 80901-2679
(303) 475-7005 ■ TELEX 289 909

September 15, 1987

Oil Conservation Division
State of New Mexico
Attn: Mr. Roy E. Johnson
P. O. Box 2088, State Land Office Bldg.
Santa Fe, NM 87504

Re: Eustace Well No. 1
Colfax County, New Mexico

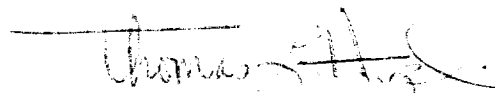
Dear Mr. Johnson:

First of all, we would like to thank you for the copy of your August 20, 1987 letter to Mr. Charlie McNeil of Perma Energy Management Corporation and for your consideration to the following request.

Kaiser Steel Corporation and Kaiser Coal Corporation filed for protection under Chapter 11 Bankruptcy in February 1987; and part of the reorganization under that bankruptcy is the sale of Kaiser Coal Corporation's assets (the record title owner of the New Mexico properties) for which Morgan Guaranty Trust Company, Agent, on September 9, 1987 received the "final" bids for said assets. Consequently, we respectfully request that you delay the forced plugging issue until such time as the potential new owner can be appraised of the situation and make an informed decision as to the future development of the methane project.

If you have any questions, feel free to call. Thank you, again, for your consideration.

Sincerely,


Thomas L. Hopkins
General Counsel

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