



STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

GARREY CARRUTHERS
GOVERNOR

January 21, 1988

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

Pittsburg & Midway Co.
6400 South Fidlers Green Circle
Englewood, Colorado 80111

Attention: John Monarch

Re: Liability of Gas Wells on Kaiser
Property, Colfax County, New Mexico

Dear Mr. Monarch:

At the request of Mr. Tim Leftwich, Kaiser Coal, Raton, New Mexico I am writing you in regards to four gas wells operated by Perma Energy Management Corporation (PEMCO) on the above-referenced property. At present, PEMCO has an active \$50,000 blanket plugging bond on file with this agency and are solely liable for these shut-in gas wells.

Should Pittsburg and Midway Co. decide to become operator of these wells this office would require a blanket bond be filed and the appropriate forms be filed stating the change of operator. Subsequently, Pittsburg and Midway would become liable for these wells.

In the alternative, should you elect not to take over these wells, and if PEMCO does not meet their regulatory obligations as outlined by the N.M.O.C.D. Rules and Regulations then these wells would be set for a forced plugging case and the bond forfeited. At this time this agency would re-enter these wells and have them permanently plugged and abandoned.

This agency will also request, should you be successful in purchasing this property, that you notify this office within 60 days of purchase on your intent with respect to the shut-in gas wells. If you have any questions regarding this, please contact me at this office.

Sincerely,

ROY E. JOHNSON, District Supervisor
Sr. Petroleum Geologist
REJ/dr