



The Travelers Companies
Two NorthPark East
P.O. Box 660055
Dallas, TX 75266-0055

QUINLIN RANCH #1

Daniel L. Wolfe
Manager
Surety Department

Dallas Office

Joe Newton
214-470-8942

March 24, 1987

State of New Mexico
Energy & Minerals Department
Oil Conservation Division
1000 Rio Brazos Road
Aztec, New Mexico 87410

Attn: Mr. Charlie Golson

Re: Texas Rose Petroleum
Case 9074, Order No. R-8404
Case 9075, Order No. R-8405
Claim #039/5180F

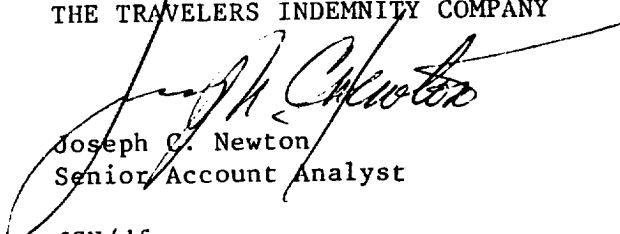
Dear Mr. Golson:

The Travelers Indemnity Company acknowledges receipt of the above mentioned orders under our Blanket Plugging Bond, number 981F609A. This letter is to advise you of The Travelers intent to honor our obligation under the above mentioned Blanket Plugging Bond.

Presently, The Travelers is soliciting bids to properly plug the referenced wells in accordance with state guidelines from various plugging contractors in the Farmington area. To date, the contractors we have verbally requested to submit bids, are those plugging contractors that your office provided to us. We will review those bids, then submit a proposal that is acceptable to your department for consideration and acceptance.

Again, The Travelers Indemnity Company does intend to honor our bond obligation and see that these wells are properly plugged. Should you have a guide for properly plugging that we could review to assist us in our proposals to the various contractor, we would appreciate it if you would forward us a copy.

Very truly yours,
THE TRAVELERS INDEMNITY COMPANY


Joseph C. Newton
Senior Account Analyst

JCN/df

RECEIVED

MAR 27 1987

OIL CON. DIV
DIST. 3