



195 Lake Louise Marie Road
Rock Hill, New York 12775
(800) 836-2100

In Rehabilitation

RECEIVED

October 11, 2002

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**OIL CONSERVATION
DIVISION**

Department of the State of New Mexico
Energy, Minerals and Natural Resource
David K. Brooks, Assistant General Counsel
1220 S. St. Francis Drive
Sante Fe, NM 87505

Case 12948

**RE: Principal: K C Resources, Inc.
Obligee: New Mexico Energy, Minerals and Natural Resources Dept.
Bond #: 54664
Claim #: B09065
Project: Plug-Abandon Wells**

Dear Mr. Brooks:

The undersigned is an analyst for Frontier Insurance Company which is the surety for K C Resources, Inc. with regard to the above-referenced project. This is to acknowledge receipt of your correspondence we received September 27, 2002 indicating a problem with respect to KC Resources, Inc. performance of its contract. We have directed your letter to the principal with a request that it respond appropriately in writing directly to you with a copy to us.

Kindly contact this office if the principal has satisfactorily responded to your concerns or you have any other concerns that should be brought to the attention of surety. If the principal has not satisfactorily responded or you intend to pursue a claim on the bond, please notify surety promptly and in accordance with the terms of the bond and the contract.

This letter is written for acknowledgment purposes only. Surety reserves all rights and defenses under the bond, the contract and the law.

Very truly yours,

Lisa C. DeSantis
Surety Claims Analyst
Ext. 5322

LCD/ga

cc: KC Resources, Inc.