



**NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT**

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(800) 827-7131

April 3, 1998

Mr. Bruce Penrod, President
Secondary Oil Corporation
P.O. Box 708
Marble Falls, TX 78654

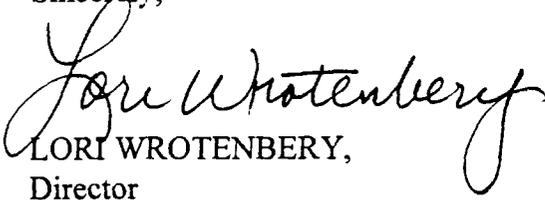
Re: **\$50,000 Blanket Plugging Bond
Secondary Oil Corporation, Principal
International Fidelity Insurance Company, Surety
Bond No. 000953560**

Dear Mr. Penrod:

Receipt of your request for cancellation of the above-captioned bond is hereby acknowledged. The bond executed by your company is canceled as of April 24, 1998, as to any property or wells acquired, started, or drilled after that date.

It should be noted, however, that the subject bond will remain in effect as to any property or wells acquired, started, or drilled prior to April 24, 1998.

Sincerely,


LORI WROTENBERY,
Director

LW/dp

cc: Oil Conservation Division - Hobbs, Artesia, Aztec

International Fidelity Company
c/o Connecticut Surety Insurance Agency, Inc.
185 Asylum St., City Place II - 15th Floor
Hartford, CT 06103-4105

BEFORE LYMAN H. STONER
OIL CONSERVATION DIVISION
OCD EXHIBIT NO 7
CASE NO. 12770