



Special Liability Group
Surety Division

The Travelers Companies
1 Farmglan Boulevard
P.O. Box 1201
Farmington, CT 06034

May 14, 1992

Mr. Andy Wilkerson
6105 N.W. 32
Bethany, OK 73008

Re: Sadler Well No. 1, Unit I, Sec. 3
Bond No.: 572E6232
Our File: 120 SR V42 7894 R

Dear Mr. Wilkerson:

Thank you for your recent, undated, letter.

As you might expect, we are not pleased with the prospect of having to become involved in this matter since our sole involvement is as guarantor of your obligation to the State of New Mexico. We would first suggest that you consider making arrangements for the financing necessary to plug this well through a commercial lender. The Travelers does not make it common practice to extend loans for whatever the purpose.

However, failing the availability of commercial credit, we cannot avoid the logic of your proposal. Consequently, The Travelers would be willing to advance the cost of plugging this well up to \$6,500 with the balance carrying an interest rate of 12%. In order to accomplish this task it will be necessary for you to contract with a plugging contractor directly and submit the fully executed documentation to our office. Once the plugging has been performed and has been fully accepted by the State, we will forward the contract proceeds to you in the form of a check made jointly payable to yourself and the contractor.

Please contact us regarding how you plan to proceed.

Thanking you for your continued cooperation, we are,

Very truly yours,

THE TRAVELERS INDEMNITY COMPANY

Christopher R. Morkan
(203) 954-6490

CRM:amh