

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION



GARREY CARRUTHERS
GOVERNOR

October 21, 1988

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

Andy's Oil Consultant & Tractor
Service
6105 N.W. 32nd
Bethany, Oklahoma 73008

Re: Energy Oil & Gas Corp.
Sadler Well No. 1
3-24N-29E
Union County, New Mexico

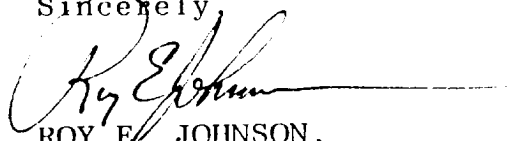
Dear Andy:

This office has received a release request from the insurance company for the bond covering the above-referenced well. From your letter of last year, you indicated that the land owner, Dr. W. T. Sadler, was interested in taking over this well. Our records have indicated that no such ownership change has taken place for this well and that Energy Oil & Gas remains the operator so subsequently the original bond cannot be released.

If Energy Oil & Gas has no further intentions for this well, irregardless of the bankruptcy finding, and Dr. Sadler does not desire to become operator, then the surety company will either have to plug this well or this office will be forced to collect the face amount of this bond from the insurance company in order to plug and abandon this well.

Your assistance in this matter would be greatly appreciated.

Sincerely,


ROY E. JOHNSON,
Sr. Petroleum Geologist

REJ/dr