

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

May 22, 1953

Mr. Phil D. Lynch
c/o El Vado Court
2500 Central Ave. SW
Albuquerque, New Mexico

Re: Lynch & McCormick
Dallies No. 1
SESE Sec. 32-7N-1E
Valencia County

Dear Sir:

Confirming our telephone conversation of today, I wish to advise you that it shall be necessary for you to file a plugging bond as the operator now taking over the above captioned well. It is my understanding that your interest in this venture is correlative with that of Gladys E. McCormick as you have entered into some sort of agreement with the latter.

We now hold a plugging bond, carrying as principle the Sunol Oil Company (Gladys E. McCormick). This in itself is sufficient to cover operations of the Sunol Oil Company. However, if you have realized more than 50% interest in the well as being deepened below 6091', then you are classified as the operator and you must post a bond assuming full responsibility for the ultimate completion and/or plugging of the well and eventual levelling and cleaning of the premises, regardless of whose equipment (or whose mud pits) you happen to be using.

It would help matters if you, or your attorney, write us clarifying your position, and Gladys McCormick's, with respect to the deepening of this well and as regards the terms of your agreement.

For the record please file with this office a Notice of Intention to Drill Deeper on our form C-102. Subsequent notices and reports as drilling and/or testing progresses may be filed on either the C-102 or C-103 forms, whichever fills your purpose.

Very truly yours,

Eugene A. Chavez
Oil & Gas Inspector Dist. #4

EAC/lgt

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