



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

May 17, 1983

TONEY ANAYA
GOVERNOR

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-5800

Western Surety Company
101 South Phillips Avenue
Sioux Falls, South Dakota 57192

Re: Claim SR-35,819, Bond
No. 18037583, Geophonic
Resources Inc.

Dear Sir:

This office has previously corresponded with you concerning the above-referenced claim and bond and their relation to New Mexico Oil Conservation Division Case No. 7805 which resulted in Order No. R-7235. That case and the resultant order required your principal, Geophonic Resources Inc. of Richardson, Texas, or Western Surety Company, to plug and abandon or produce the Mary Kay Well No. 2-C located 990 feet from the North line and 1980 feet from the West line of Section 16, Township 26 North, Range 36 East, NMPM, Union County, New Mexico, on or before May 1, 1983.

Although this office has been previously contacted by some oil and gas service companies regarding the possibility of plugging this well, to date no plugging operation has been conducted nor has the well been returned to service.

Therefore, demand is hereby made upon the Western Surety Company for the plugging and proper abandonment of the above-described well. In order to comply with its obligation as surety on the above-referenced bond, Western Surety Company may either proceed to contract with a well service company to have the well plugged or may remit the amount of the bond to the New Mexico Oil Conservation Division and the Division will enter into the plugging contract.

Thank you for your attention to this matter and for your prompt response.

Sincerely,

W. PERRY PEARCE
General Counsel

WPP/dr

cc: Geophonic Resources Inc.