

**Travelers Insurance**  
A Member of *Travelers Group*

Special Liability Group  
Surety Division

Travelers Insurance  
1 Farmington Boulevard  
P.O. Box 1201  
Farmington, CT 06034

March 30, 1995

**CERTIFIED MAIL**  
**RETURN RECEIPT REQUESTED**

Mr. Roy "Benjie" Wyant  
AL-TX Operating Inc.  
P.O. Box 22  
Plum, TX 78952

Re: State "A" Well No. 1, Eddy County, New Mexico  
Principal: Billy R. Wilson  
Obligee: State of New Mexico  
Bond No. 105E9126  
Travelers File No. 300 SR BUW 0021 M

Dear Mr. Wyant:

Please find enclosed a copy of a Notice of Examiner Hearing, dated March 17, 1995 from the State of New Mexico Energy, Minerals and Natural Resources Department.

It is our understanding that AL-TX Operating Inc. ("AL-TX") contracted with the well operator, Billy R. Wilson, to plug this well (see enclosed copy of Agreement to Plug and Abandon Between Billy R. Wilson and AL-TX Operating Inc., dated February 24, 1994). Pursuant to that agreement, AL-TX promised to hold Mr. Wilson harmless and defend him from all liabilities.

Please be advised that if The Travelers is compelled to forfeit any sums of money under its bond as a result of the failure by AL-TX to properly plug and abandon this well, we will be subrogated to the rights of Mr. Wilson against AL-TX and will therefore hold AL-TX responsible for any loss we incur.