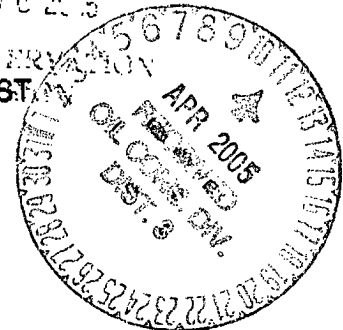




March 29, 2005

State of New Mexico
Energy, Minerals and Natural Resources Department
P. O. Box 6429
Santa Fe, NM 87502

SECOND REQUEST



RE: Bond number: SLR 11141670015
Principal: Smokey Oil Company, A Corporation
Description: \$7,500 One-Well Plugging Bond, Schmitz Anticline #1 - API No. 30-039-23379, 1650' FSL and 1980' FWL of Section 25, Township 24 North, Range 1 West, Rio Arriba County, New Mexico
Amount: \$7,500.00
Effective: May 6, 1999

Gentlemen:

Fireman's Fund Insurance Company is surety on the captioned bond, and we are asking that you provide us with the current status below. A self-addressed, stamped envelope is enclosed for your convenience in replying. Thank you for your assistance.

Sincerely,

Eileen M. Robison
Surety Department
Phone: 415/899-4309
Fax: 415/899-2229
e-mail: erobison@ffic.com

- ☐ The bond is released. Approximate release date _____
- ☐ The provisions of the bond have been met, but the bond is not released because _____

- ☐ The provisions of the bond have not been met and the bond is not released.

Signature

Title

Date

April 11, 2005

Mrs. Robinson

Re: Smokey Oil Company, Schmitz Anticline #1 API# 30-039-23379

Greetings:

The request for the New Mexico Oil Conservation Division's release of bond is denied.

We cannot release the bond as requested until the well is in compliance with Oil Conservation Division rules and regulations.

We have received a notice of intent to plug and abandon the well April 12, 2004. We are to be notified a minimum of 24 hours before the plugging operations begin. We have not received a subsequent report of plugging.

Once we receive the subsequent notice of plugging a Compliance Officer will conduct a well site inspection to verify that the well is plugged and the location is in compliance with the rules and regulations. Once this is done then the Bond may be released.

If you have any questions please let me know,

Thanks

Charlie Perrin

Energy Minerals and Natural Resources

Oil Conservation Division

District Supervisor

Aztec NM

505-334-6178 ext 16

E-mailed to erobison@ffc.com

CC Dorothy Phillips