



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

February 13, 1984

TONEY ANAYA
GOVERNOR

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

United States Fidelity and
Guaranty
2201 San Pedro, N.E.
Albuquerque, New Mexico 87110

Re: El Poso Well No. 1, Sec. 26,
T-28-N, R-1-E, Rio Arriba ✓
County, New Mexico

Gentlemen:

By letter of July 26, 1982, the New Mexico Oil Conservation Division informed you of the necessity of plugging the above-referenced well which was drilled by Sandi Production, Inc. On August 4, 1982, a hearing was held on that matter and an order was entered that that well be properly plugged and abandoned.

Since neither the operator, Sandi Production, Inc., or the bonding company took any action, the State of New Mexico has proceeded to plug that well under contract. I enclose for your information a copy of the invoice from MTK Inc., the contractor which performed these plugging services, which indicates that for the El Poso Well No. 1, the cost of that plugging operation was \$9,937.55. As you are aware, this amount exceeds the amount of your bond and has been paid to the contractor by the State of New Mexico.

Therefore, demand is hereby made upon United States Fidelity and Guaranty Company for payment on their Bond No. 29-0130-10525-81 issued to Sandi Production, Inc. for the benefit of the State of New Mexico in the amount of \$5,000.

Thank you for your prompt attention to this matter.

Sincerely,

W. PERRY PEARCE
General Counsel

WPP/dr

cc: Sandi Production, Inc.
✓Mr. Frank Chavez

RECEIVED
FEB 16 1984
OIL CON. DIV.
DIST. 3