



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

POST OFFICE BOX 1980
HOBBS, NEW MEXICO 88241-1980
(505) 393-6161

July 24, 1995

W. F. Muller
KC Resources, Inc.
P. O. Box 579
Carbondale, Colorado 81623

Re: New Mexico BB State NCT-1 Lease
Section 11, T12S, R32E

Dear Mr. Muller:

I am granting the 60 day extension which you requested in the letter dated July 18, 1995, to bring the wells in the above referenced lease into compliance. The options outlined in our letter of July 7, 1995, are still applicable.

The extension and all options also apply to the wells in the New Mexico BH State Lease, as stated in the letter of July 7, 1995.

Prior to, but no later than, September 24, 1995, you are to exercise one of the options necessary to bring the wells into a satisfactory condition. If a proposal has not been submitted, approved and procedures put into effect by this date, we will recommend a show cause hearing in regard to the disposition of the wells.

We request 24 hours notice prior to procedures in order to witness the operation.

It is noted that the Operator of Record is still RWK Resources Inc. for both wells in the New Mexico BB State NCT-1 lease. In order to update our records, we request that you submit Form C-104, for each of these wells. We are enclosing forms for your convenience in expediting the name change.

Very truly yours

OIL CONSERVATION DIVISION

Jerry Sexton
Jerry Sexton
Supervisor, District I

JS:bp

cc: Rand Carroll
Gary W. Wink
File

Enclosure

BEFORE EXAMINER STOGNER	
OIL CONSERVATION DIVISION	
OCD	EX-104 NO. 7
CASE NO.	12948