

Salkar
A1

Travelers Insurance
A Member of *Travelers Group*

Special Liability Group
Surety Division

MAY 28 1996

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

May 22, 1996

New Mexico Energy, Minerals
& Natural Resources Department
Oil Conservation Division
2040 South Pacheco Street
Santa Fe, NM 87505

Attn: Rand Carroll
Legal Counsel

Re: Our File: 300 SR BUW 0436 P
Principal: ~~Salkar, Inc.~~
Obligee: State of New Mexico
Bond No.: 427F2424
OCD Case No. 11490 (El Cheapo Well No. 1)

Gentlemen:

We are in receipt of your May 1, 1996 letter explaining the confusion surrounding notice of the prior hearings.

While we appreciate your offer to reopen this case, it will not be necessary since we currently know of no reason why the subject well should not be ordered plugged. Further, we have not been able to locate our bond principal and, therefore, we are unaware of any basis it may have had to contest the action by your Department.

Since Travelers does not wish to undertake responsibility for plugging the subject well, we expect that your Department will solicit bids to perform the necessary work. Once the final cost has been fixed, please advise us of same and provide us with copies of all appropriate supporting documentation. We will then make arrangements for payment consistent with our bond obligation.

Kindly contact the undersigned with any questions you may have.

Very truly yours,

THE TRAVELERS INDEMNITY COMPANY



Richard R. Deshais
(860) 954-0704