

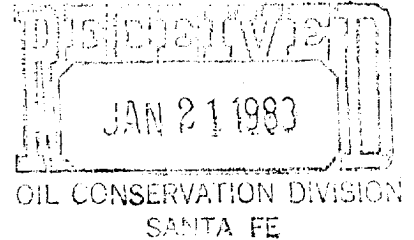


United States Department of the Interior

BUREAU OF LAND MANAGEMENT

P.O. DRAWER 1957
ROSWELL, NEW MEXICO 88201

January 19, 1983



CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Continental Casualty Company
P.O. Box 1149
Amarillo, TX 79105

Gentlemen:

Continental Casualty Company is the surety on Bond No. 557-02-02 executed June 21, 1970. Such bond covered Permian Basin Petroleum Company's operation on federal lease NM-3194 which covered 640.00 acres of land in T. 15 N., R. 33 E., N.M.P.M., Harding County, New Mexico in the following sections:

Sec. 17: S $\frac{1}{2}$ NE $\frac{1}{4}$, S $\frac{1}{2}$ SE $\frac{1}{4}$, SW $\frac{1}{4}$ NW $\frac{1}{4}$, NW $\frac{1}{4}$ SW $\frac{1}{4}$, SE $\frac{1}{4}$ SW $\frac{1}{4}$
Sec. 20: NE $\frac{1}{4}$
Sec. 25: W $\frac{1}{2}$ NE $\frac{1}{4}$, SE $\frac{1}{4}$ NE $\frac{1}{4}$, E $\frac{1}{2}$ SE $\frac{1}{4}$

A Mr. Paul E. Haskins, Trustee drilled well No. 1 Federal 17 in the SE $\frac{1}{4}$ of sec. 17 under a Designation of Operator from Permian Basin Petroleum Company. Pursuant to 30 CFR 221.21(a) Leasehold operations shall be conducted by the lessee or its designees. Acceptance of an executed designation as authority for the designee to act for lessee in matters relating to the conduct of lease operations does not relieve the lessee from the ultimate responsibility for compliance with applicable laws and regulations. The subject well proved to be neither used nor useful for the purposes of the lease. Title 30 CFR 221.29 requires that such a well on federal acreage be promptly plugged and abandoned in the manner and method approved or prescribed by the District Supervisor. Mr. Haskins was last requested by our Durango, Colorado office, through a letter dated September 7, 1978, to properly plug the well.

The well remains unplugged, accordingly, under the terms of your bond and occasioned by the non-compliance of your principal, you are hereby requested to take appropriate action to cause the No. 1 Federal 17 well