STATE OF NEW MEXICO OFFICE OF STATE GEOLOGIST SANTA FE, NEW MEXICO

December 21, 1950

Mr. H. S. Moss c/o Headrick Real Estate Co. Attention: Mr. William C. Stalemp Albuquerque, New Mexice

Dear Sir:

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We have at hand your one-well bond covering a single drilling operation in Section 32, Township 11 South, Range 33 East, Lea County, New Mexico. This bond was sent to us on December 4, 1950, by Mr. William C. Stalcup, Albuquerque agent for your surety, the American Surety Company.

We note that the bond is written for \$10,000.00. Before giving it final approval and placing it in our files, we wish to call your attention to the fact that, under the rules and regulations of the Oil Conservation Commission, a bond in the amount of only \$5,000.00 is stipulated for a one-well operation. You are therefore "over-insuring" yourself and we thought you might perhaps wish to rewrite your bond for that reason. Many operators in the state carry a \$10,000.00 blanket bond, which is valid for all their operations as long as they keep it in force. Under this type any number of wells may be drilled, and if you plan to carry a \$10,000.00 bond, you might as well have this blanket coverage.

In case you wish to convert to either of these - (1) a \$5,000.00 ene-well plugging bond covering this specific operation, or (2) the \$10,000.00 blanket bond - we are enclosing additional forms for each. In the meantime, we are authorizing Mr. Boy Yarbrough, oil inspector in our Hobbs district office, to approve your C-101 form so that you may begin operations without delay, as we understand there is a time limit on the spudding of your projected well.

I wish to emphasize that actually there is nothing wrong with your bond in its present form and your work could preceed under its coverage and not be at all out of order. However, at some later date it may be convenient for you to have your coverage as set forth in our regulations. We will therefore hold the present bond until we hear from you as te any change you might make. This should be done as soon as possible.

Very truly yours,

R. R. Spurrier Secretary - Director

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