

Mr. George A. Chase

-2-

January 19, 1989

person who shall...extract or remove...from any state lands, any...oil, gas...without authority from the commissioner, shall be guilty of a misdemeanor, and upon conviction thereof shall be punished as provided in the preceding section, and in addition thereto shall forfeit and pay to the state an amount double the value of material so...extracted."

Recognizing that your actions probably resulted from negligence rather than a deceitful intent, the Commissioner of Public Lands is willing to settle this matter without seeking court action. Since you have removed an estimated \$1152.50 worth of the state's minerals and have been unjustly enriched by that amount, we will not take any further action if you remit, within thirty days, \$1152.50 to this office. However, this offer is in the interest of settlement only and any delay upon your part will necessitate further action by this office.

Your earliest attention to this matter is advised. Royalties due on any production from this well after August 1, 1988, are the responsibility of the current lessee.

Sincerely,



Gary Carlson
Assistant Commissioner

cc: Terra Resources Inc