

STATE OF COLORADO
OIL AND GAS CONSERVATION COMMISSION

DEPARTMENT OF NATURAL RESOURCES
SUITE 380 LOGAN TOWER BUILDING
1580 LOGAN STREET

DENVER, COLORADO 80203

(303) 866-3531



J. LAMM
Governor

WILLIAM R. SMITH
Director

FRANK J. PIRO
Deputy Director

January 14, 1987

Mr. Kenneth Maul
Sunset Hill Oil Company, Inc.
c/o Kauffman & Weinberger, Inc.
1675 Broadway, Suite 1970
Denver, Colorado 80202

RE: Delinquent Well Reports

Dear Mr. Maul:

We appreciate the difficulty Sunset Hill and other operators are having with the current status of the oil and gas industry; however, there are still obligations that must be met. Compliance with the rules and regulations of the Commission is one of those obligations.

Rule 306 of the Commission requires that a Form 5 (Completion Report) be submitted within thirty (30) days after completion of a well. Rule 310 provides that a Form 10 (Certificate of Clearance) be filed within thirty (30) days after the initial sale of oil or gas. Rule 319(b), as amended, states that a well may be shut-in when completed upon approval of the Director for a period not to exceed six (6) months provided the hole is cased or left in such a manner as to prevent migration of oil, gas, water or other substances from the formation or horizon in which they originally occurred. Section 34-60-121, Colorado Revised Statutes, provides for penalties for violation of Commission rules, regulations or orders.

Since it is apparent that you are attempting to bring the records of Sunset Hill's wells current, I thought it would help you if we identified the wells that we're reporting as delinquent and which forms are still due.

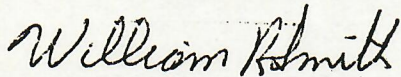
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Those wells are:

| <u>Well</u> | <u>Location</u> | <u>Report Required</u> |
|----------------------------|-----------------|---|
| #1-9 Cdr | NWNE 9-7N-58W | Form 5, Electric Logs |
| #1-1 Bowman | SENE 1-7N-59W | Reentry: Form 10, status, Form 5 |
| #1-13X Plains Aggregate | SWSE 13-6N-68W | Status & request for SI if not producing |
| #2-30 Thayer | NESW 30-6N-67W | Form 5 (we have geologist report) Form 10 if producing or Change of Operator from new operator |
| #1-30 Thayer | NENW 30-6N-67W | Form 10 from new operator if operator has changed |

Please submit the requested information by February 6, 1987, or an explanation, in writing, why you can not do so.

Very truly yours,



William R. Smith, P.E.
Director