WILLIAM R. SMITH
Director

DENNIS R. BICKNELL
Deputy Director

ROY ROMER
Governor

March 24, 1989

Mr. Larry L. Lyster
P. O. Box 772176
Steamboat Spring, Colorado   80477

Re: Tow Creek State No. 1-36
    NW NW 31-6N-86W
    Routt County, Colorado

Dear Mr. Lyster:

Effective October 6, 1987, you reportedly assumed operations of the Tow Creek State No. 1-36 well from Cox Oil & Gas, Inc.. According to our records we have not received from you a plugging bond or other security per Rule 304 or a Designation of Agent Form per Rule 302 of the Colorado Oil and Gas Conservation Commission Rules and Regulations.

Rule 302 requires that all operators file a Designation of Agent Form prior to commencement of operations in the State of Colorado. Rule 304 requires that the successor operator of a well post a bond or other security in the amount of $5,000 for the purpose of abandonment of the well within 30 days after assuming operations of the well. A $30,000 blanket bond or other security may be posted for all wells in the State. The Commission staff will be glad to assist you in obtaining the required security.

In the event that you have not filed with this office adequate security per Rule 304 and a completed Designation of Agent Form by June 1, 1989 the matter will be taken before the Commission with the specific recommendation that penalties for violation of Rules 302 and 304 be imposed as they deem appropriate. In addition, penalties for the violation of Rule 310 may be considered as the change of operator of the well was effective 16 months prior to the filing of the Change of Operator form with this office.

If you have any problems complying with this directive, then you should respond in writing immediately.

Yours very truly,

Robert L. Vaclavik
Senior Petroleum Engineer

RLV/rlv

cc: Company File
    Well File