

STATE OF COLORADO

Department of Natural Resources

BOARD OF LAND COMMISSIONERS

620 Centennial Building
1313 Sherman St., Denver, Colorado 80203
(303) 866-3454



Conoco Inc.
P.O. Drawer 1267
Ponca City, OK 74603

January 17, 1989
RECEIVED

JAN 27 1989



COLO. OIL & GAS CONS. COMM

Commissioners

ROWENA ROGERS
JOY C. CARPENTER
JOHN S. WILKES III

Attention: Lease Records and Payments

Re: Colorado Oil and Gas Lease No. 72/2000-S
640.00 acres, All Sec. 16-9N-78W, Jackson County Colorado
South McCallum Unit- CO2

Corrected 01/24/89 mg

Gentlemen:

The five-year commitment to the South McCallum Unit expired July 20, 1988. However, a part of the lease (200 acres, SW/4NW/4; SE/4 Sec. 16-9N-78W) is in the Participating Area "A" from the Conoco-Federal 8-3 in SW/4SW/4 Sec. 8-9N-78W (Unit Tract #5). This well is currently shut-in.

First, the acreage outside the Participating Area will be segregated from the lease as of the February 16, 1989 anniversary date, reducing the annual rental to \$100.

Second, a shut-in royalty is due and payable with the annual rental. The shut-in royalty is equal to \$2/acre/year. Each year's shut-in royalty shall be forfeited to Lessor, except for the payment made during the year which the well begins production.

The \$320 payment received January 9, 1989, has been put in a suspense account pending receipt of the balance of the monies due as follows:

Annual rent due 2/16/89	
@ \$0.50 per acre:	\$100.00
Shut-in royalty due 2/16/89 @ \$2/acre:	<u>400.00</u>
	\$500.00
Less payment received 1/9/89	<u>320.00</u>
Balance due	\$180.00

Please send in the original Lease 72/2000-S for deletion of the acreage outside the P.A.

Sincerely,

L. R. Ladwig
Minerals Director

Well File

mg/

CC: Conoco, Denver Office
Accounting
Dennis DeVore
Jim McKee, OGCC ✓

ANTHONY SABATINI
Administrator

Minerals Director

RUTH J. KARY
Deputy Registrar