

STATE OF COLORADO

Department of Natural Resources

BOARD OF LAND COMMISSIONERS

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



Commissioners

ROWENA ROGERS
JOY C. CARPENTER
JOHN S. WILKES III

January 20, 1989



RECEIVED
JAN 26 1989
COLO. OIL & GAS CONS. COMM

FMP Operating Company
P.O. Box 60004
New Orleans, LA 70160

Re: Colorado Oil & Gas Lease No. 79/4171-S
State #1-36 C/NW, Sec. 36-11S-52W, Lincoln County

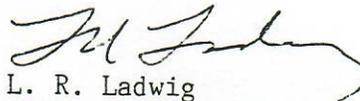
Gentlemen:

Our records show that the above well is shut-in.

This is to advise that if the well is still shut-in at the next anniversary date (April 18, 1989), which is the end of the secondary term of the lease, a shut-in royalty will be due and payable in addition to the annual rental.

This shut-in royalty is at the rate of \$2/acre/year. Each year's shut-in royalty will be forfeited to Lessor except for the year during which the well begins production. The maximum extension of the lease due to the existence of a shut-in well shall be five years. Any further extensions shall be at the sole option of the Board.

Sincerely,


L. R. Ladwig
Minerals Director

mg/

CC: Union Pacific Resources Company
Accounting
Dennis DeVore
✓ Jim McKee, OGCC

well file