

STATE OF COLORADO  
**OIL AND GAS CONSERVATION COMMISSION**

DEPARTMENT OF NATURAL RESOURCES  
SUITE 380 LOGAN TOWER BUILDING  
1580 LOGAN STREET  
**DENVER, COLORADO 80203**

WILLIAM R. SMITH  
Director  
FRANK J. PIRO  
Deputy Director

(303) 866-3531

ROY ROMER  
Governor

February 16, 1988



Mr. Wyatt Seward  
Cowan Oil Company  
300 East 16th Street, Suite 207  
Greeley, Colorado 80631

Re: CGT, Inc.	J. M. McCool
Atwater No. 1-24	Jolly "A" No. 1
SW NE 24 - 2S - 63W	NE SE 7 - 3S - 55W
Atwater No. 34-24	Jolly "D" No. 1
SW SE24 - 2S - 63W	SE NW 8 - 3S - 55W
Prima Exploration, Inc.	Jolly "D" No. 3
Harless "F" Unit No. 1	NE NW 8 - 3S - 55W
NW NW 1 - 3N - 69W	

Dear Mr. Seward:

On January 1, 1987, March 24, 1987 and September 1, 1987 you reportedly assumed operations of the subject well(s) from CGT, Inc., J. M. McCool and Prima Exploration, Inc., respectively. Since that time you have been contacted several times regarding the posting of security as required by Rule 304 of the Colorado Oil and Gas Conservation Commission Rules and Regulations.

In addition to setting the security required, the rule provides that the successor operator of a well(s) must replace the previous operator's security within thirty (30) days after assuming operations of the well(s). As of the date of this letter we have not received this security.

In the event that you have not posted adequate security by March 1, 1988, the matter will be taken before the Commission with the specific recommendation that a penalty for violation of Rule 304 be imposed as they deem appropriate.

Should you have any questions regarding this directive, contact me immediately at (303) 894 - 2100.

Yours very truly,

*William R. Smith*

William R. Smith, P. E.  
Director

*John*

WRS/rlv

xc: Jim McKee - Company File  
Well File(s)