

STATE OF COLORADO
OIL AND GAS CONSERVATION COMMISSION

DEPARTMENT OF NATURAL RESOURCES
SUITE 380 LOGAN TOWER BUILDING
1580 LOGAN STREET
DENVER, COLORADO 80203
(303) 894-2109 FAX
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DENNIS R. BICKNELL
Director
JOHN R. STOWELL
Deputy Director
PATRICIA C. BEAVER
Technical Secretary

ROY ROMER
Governor

December 23, 1991

Fountainhead Resources Ltd
First Interstate Tower South
621 Seventeenth Street, Suite 1421
Denver, CO 80293

RE: Plugging and Abandonment of Nautilus Equipment, Inc.
Long No. 1, 2, and 3
Section 25, Township 6 North, Range 67 West
Weld County, Colorado

Gentlemen:

Fountainhead Resources Ltd became the nominal operator of the above three wells by purchase at a tax sale held by Weld County. Nautilus Equipment, Inc. posted with the Commission a Letter of Credit No. 10194 warranted by The First American Bank of Baytown, Texas. The Letter is in the amount of \$30,000 which fulfilled the plugging security requirements of the Commission.

Nautilus Equipment, Inc. is in bankruptcy. The First American Bank of Baytown has been closed and is under the direction of the Federal Deposit Insurance Corp. The Commission has filed with the FDIC a claim against the Letter of Credit for work the Commission has required to be done to properly plug and abandon these three wells. Fountainhead has been cooperating with the Commission staff in this work.

In view of the potential for damage to aquifers, the well fire at the Long #1 on the night of December 19, 1991, and the inability to immediately obtain funds from the Letter, Fountainhead is directed to expedite the plugging and abandonment of all three wells. With additional procedures recommended by the Commission staff. Payment for these additional steps will be paid from the Environmental Response Fund.

Please advise Staff Engineer, Steve Pott of your progress, submit copies of invoices for all work performed, and outline the appropriate costs associated with the additional work required by the Commission. Your cooperation is appreciated.

Very truly yours,

A handwritten signature in cursive script that reads "Dennis R Bicknell".

Dennis R. Bicknell, P.E.
Director

DRB/clk
210020

cc: S. Pott
Nautilus File
T. Monahan, Atty Gen.