

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

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



Dennis R. Bicknell, P.E.  
Director

DRB/clk  
210020

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