



STATE OF
COLORADO

**OIL &
GAS**

CONSERVATION COMMISSION



DEPARTMENT OF NATURAL RESOURCES

Roy Romer, Governor

1120 Lincoln St., Suite 801

Denver, CO 80203

Phone: (303) 894-2100

FAX: (303) 894-2109

November 22, 1996

Mr. Jim Williams
Nielson & Associates, Inc.
P. O. Box 2850
Cody, WY. 82414

Dear Mr. Williams:

Per our conversation on November 21, 1996, the Commission will require Nielson & Associates to bring the following wells into compliance with rule 326.b.1 within the next 3 years:

McCallum Unit #9	NWNW 2 9N 79W
McCallum Unit #28	SWSW 3 9N 79W
McCallum Unit #30	NWSW 3 9N 79W
McCallum Unit #103	NENW 3 9N 79W
McCallum Unit #33	SENE 4 9N 79W
McCallum Unit #79	SENE 4 9N 79W
McCallum Unit #24	NWNE 10 9N 79W
McCallum Unit #26	NENW 10 9N 79W
McCallum Unit #27	NESW 11 9N 79W
McCallum Unit #29	SWSE 11 9N 79W
McCallum Unit #36	NWSW 11 9N 79W
McCallum Unit #41	SWSE 12 9N 79W

Per Commission rules the wells will have to either: 1) Pass a mechanical integrity test or 2) be put on production or 3) be properly plugged and abandoned by November 1, 1999. As discussed, starting in 1997 Nielson will be required to bring 4 wells per year into compliance. Nielson will be allowed to evaluate the wells and decide on a schedule for the next 3 years. Any well that fails a mechanical integrity test must be repaired or plugged and abandoned within 6 months.

Thank you for your attention to this matter. You may contact me at 303-894-2100 extension 108 if you have any questions.

Sincerely,

Dave Shelton
Petroleum Engineer