



30-015-34342

June 23, 2006

RECEIVED

JUN 27 2006

OCD-ARTESIA

Mr. Mike Bratcher
OIL CONSERVATION DIVISION
1301 West Grand Avenue
Artesia, NM 88210

Re: Notice of Intent to Extend King Air, State No. 1 Pit Closure

Dear Mr. Bratcher:

Please be advised Marshall & Winston, Inc. (Marshall & Winston) herewith notify the State of New Mexico, Oil Conservation Division (NMOCD) of its intent to extend commencement of permanent pit closure for the King Air, State No. 1 (API No. 30-015-34342 located in U/L P S16 T17S, R25E of Eddy County, New Mexico) to not later than August 31, 2006. Subsequently, the Closure Plan and the C-144 are hereby amended to reflect this date modification.

The original Closure Plan, submitted February 24, 2006 to the NMOCD, stated July 6 would be the latest anticipated commencement date. However, due to (1) extended operations on the King Air, State No. 1 and (2) availability of the contractor to now begin closure, it is necessary to amend the above documents reflecting Marshall & Winston's current plans. No other changes to the existing Closure plan are anticipated.

Should you have questions regarding this notification, please call 432-684-6373 (office) or 432-553-9747 (cell) as soon as possible. If the State of New Mexico, OCD has not objected to or recommended revision of the above statements by close of business June 27, 2006, the operator will take this to mean the State of New Mexico, OCD concurs with Marshall & Winston's amended closure schedule for the above identified drilling pit.

Thank you for your consideration of our request.

Sincerely,

Tom M. Brandt
Vice President – Operations

TMB/sr



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

30-015-34342

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

June 29, 2006

By Facsimile and First Class Mail

(432) 682-1316

Tom M. Brandt
Vice President, Operations
Marshall & Winston, Inc.
P.O. Box 50880
Midland, Texas 79710-0880

Re: Request to Extend Closure of King Air, State No. 1 Pit

Dear Mr. Brandt:

The OCD is in receipt of your letter dated June 23, 2006, wherein you request an extension from July 6, 2006 to August 31, 2006 to begin closing the King Air, State No. 1 well (API No. 30 015 34342). You also advise that if you do not hear from the OCD by the close of business June 27, 2006, you will assume that the OCD concurs with the delayed closing schedule on the pit.

The OCD received Marshall & Winston's request on June 27, 2006 – the same day you assumed the request granted. **Do not** assume that the OCD has agreed with the requested extension. At this time, no decision as to the extension has been made.

Your request for an extension in closing the pit will be considered. Pursuant to OCD Rule 19.15.2.50.F(1) ("Rule 50"), the OCD "for good cause shown may grant a six-month extension of time to accomplish closure [of a pit]."

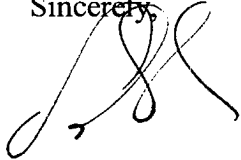
It is very disturbing to the OCD that your request for an extension contains a "default" provision for the extension, i.e., that if the OCD did not respond by your required date of June 26, 2006, you would consider the extension granted. This is even more upsetting as we received your written request for an extension the same day that you unilaterally defaulted the OCD into granting the extension. This is not acceptable; you cannot bootstrap yourself into an automatic extension.

As stated above, under Rule 50, the OCD may grant extensions on pit closures. We will consider your request for an extension, as provided by Rule. We understand that you are now up against a deadline, and will make every attempt to respond to you within a timely fashion. In the

Tom M. Brandt
Vice President, Operations
June 29, 2006
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future, when you are dealing with tight deadlines, please feel free to call this office to discuss a written request for an extension. If you have any questions, do not hesitate to call me at 505-748-1283, ext. 109.

Sincerely,

A handwritten signature in black ink, appearing to be 'Van Barton', written over the word 'Sincerely,'.

Van Barton
OCD, District II

pc: Tim Gum, OCD District II Supervisor
Daniel Sanchez, OCD Compliance Director
Cheryl O'Connor, Assistant General Counsel