



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Farmington District Office
1235 La Plata Highway
Farmington, New Mexico 87401

IN REPLY REFER TO:

NMNM-12201 (GC)
3162.3-4 (7400)

SEP 25 1998

Mr. Frank Chavez
New Mexico Oil Conservation Commission
1000 Rio Brazos Rd
Aztec, NM 87410

Dear Mr. Chavez:

Reference is made to the following wells No. 1, 5 & 6 Marcelina, located 330' FNL & 330' FEL, 990' FNL & 280' FEL & 1650' FNL & 330' FEL respectively, sec. 24, T. 16 N., R. 10 W., McKinley County, New Mexico, Lease NMNM-12201, formerly operated by Nerdlihc. We have had ongoing discussions with your office concerning the failure of Nerdlihc to plug and abandon the wells.

In our discussions, agreement was reached that the plugging reclamation fund should be used to cover any plugging costs above that of the bond. The operator had a \$10,000 cash bond that has been collected. We propose to transfer this amount to the plugging reclamation fund to aid NMOCD in contracting for plugging of these wells. If you concur with this proposal, please provide a written concurrence so that the process of transferring the money can be started.

We appreciate all the assistance NMOCD has provided in dealing with unplugged wells and look forward to more cooperative efforts in dealing with this issue.

If you have any questions please contact Stephen Mason with this office at (505) 599-6364.

Sincerely,

Duane Spencer
Team Leader, Petroleum Management Team

RECEIVED
SEP 28 1998

OIL CON. DIV.
SEP 3

24-16N-10W . API 30-031-20446.
330F-330E