

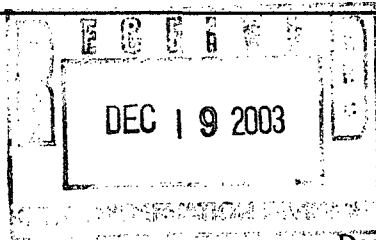


NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop
Cabinet Secretary



Lori Wrotenbery

Director

Oil Conservation Division

December 15, 2003

Will Jones
OCD Hearing Examiner
New Mexico Energy, Minerals and Natural Resources Department
1220 South. St. Francis Drive
Santa Fe, NM 87505

Hand-delivered

Re: Case No. 13165: Application of the New Mexico Oil Conservation Division for an Order Requiring EnergyPro Inc. to Properly Plug One Well, Imposing Civil Penalties for Failure to Comply, Authorizing the Division to Plug Said Well and Ordering a Forfeiture of Applicable Plugging Bond; Lea County, New Mexico

Dear Mr. Jones:

The New Mexico Oil Conservation Division (OCD) and EnergyPro Inc. have reached the following agreement on the above-captioned case, which is currently set for hearing December 18, 2003:

1. EnergyPro Inc. acknowledges that it is the operator of the well Huber State #1, API #30-025-27290, located at Lot 1, Section 5, Township 16 South, Range 38 East, in Lea County, New Mexico. The well is hereinafter called the "subject well."
2. EnergyPro Inc. acknowledges that the subject well has neither produced any hydrocarbon or carbon dioxide substance nor been used for injection for more than one year, and that the OCD has not approved temporary abandonment of the subject well pursuant to Division Rule 203.
3. EnergyPro Inc. acknowledges that OCD Rule 201.B, issued pursuant to the authority of NMSA 1978, Sections 70-2-12 and 70-2-14, requires that wells that are inactive for more than one year and not temporarily abandoned pursuant to Rule 203, be properly plugged.
4. EnergyPro Inc. agrees that prior to April 1, 2004 it will plug the subject well according to OCD Rule 202 and District 1 specifications. Specifically, EnergyPro Inc. agrees that, prior to April 1, 2004 it shall
 - a) file a notice of intention to plug with the Division on Form C-103, Sundry Notices and Reports on Wells, prior to commencing plugging operations, containing all of the information required by Rule 1103 including operator and well identification, proposed procedures for plugging the subject well and a well-bore diagram showing the proposed plugging procedure, as required by Rule 202.A(1);
 - b) notify the District 1 office forty-eight hours notice prior to commencing any plugging operations;
 - c) plug the subject well according to District 1 guidelines;
 - d) remove all trash from the site of the subject well and any related tank battery sites;
 - e) remove all surface equipment at the site of the subject well including tanks, production equipment and flow lines;
 - e) remediate all spills, leaks and tank battery sites at the location of the subject well in accordance with Rule 202.B(3) and District 1 guidelines; and
 - f) contact the District 1 office to arrange for an inspection of the subject well and location pursuant to Rule 202.B(4) to take place prior to April 1, 2004.

5. EnergyPro Inc. and the OCD respectfully request that this case be continued until the first available docket after April 1, 2004.

6. If EnergyPro Inc. fails to plug the subject well according to OCD Rule 202 and District 1 guidelines by April 1, 2004, as required by paragraph 4, above, EnergyPro Inc. acknowledges that this agreement may be introduced into evidence at the hearing regarding this matter, and that the OCD will seek civil penalties against EnergyPro Inc.

7. If EnergyPro Inc. plugs the subject well according to OCD Rule 202 and District 1 guidelines by April 1, 2004, as required by paragraph 4, above, and District 1 has inspected and approved the plugging of the subject well, the OCD will dismiss the above-captioned case. The OCD will not approve the record of plugging or release any bonds until all necessary reports have been filed as required by Rule 202.C.

Agreed to this 15th day of December, 2003 by



Gail MacQuesten
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