



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Betty Rivera
Cabinet Secretary

March 19, 2002

Lori Wrotenbery
Director
Oil Conservation Division

Mr. Herb Thackeray
NP Petroleum Corporation
550 N. 31st Street, Suite 500
Billings, MT 59101

VIA FAX
Fax No. 406-245-9106

**Re: Case No. 12811; Application of the New Mexico Oil Conservation Division
for an Order Requiring Operators to Bring 388 Wells into Compliance with
Rule 201.B**

Dear Mr. Thackeray:

This will confirm receipt of previous correspondence and telephone conversations regarding your plans to bring your wells that are the subject of the referenced proceeding into compliance.

We appreciate your efforts that have apparently brought two of St. Mary's wells into compliance. With respect to your request to defer action on the Osage Federal No. 17 without Temporary Abandonment, however, we note that the applicable rules do not allow for such further deferral after a period of non-production in excess of fifteen (15) months without compliance with the Temporary Abandonment rule.

Your request in this regard will be offered in evidence for consideration of the examiner whether or not you attend the hearing. However, the Division staff is not, at this time and in view of the history of its negotiations with operators concerning the wells included in this proceeding, prepared to recommend extending the deadline for compliance beyond thirty (30) days after the entry of the Division Order that will be sought at the March 22 hearing; nor is the staff prepared to forego, based on declared intentions only, seeking penalties for past conduct in cases where previous Division directives have been disregarded.

There are doubtless individual cases that would justify a different recommendation by the staff, particularly if previous correspondence from the Division has been misdirected. If you believe that your case warrants special consideration, feel free to contact the Division's Artesia District Office, at (505)-748-1283 to discuss your particular concerns.

Furthermore, you will have an opportunity to fully present your case directly to the examiner if you attend the March 22 hearing, either in person or by attorney. The Director's decision following her review of the hearing record will represent the Division's final determination on all matters, subject, as always, to Commission review.

Should you have any questions, please call me at (505)-476-3450.

Very truly yours,

A handwritten signature in black ink that reads "David K. Brooks". The signature is written in a cursive style with a long horizontal flourish extending to the right.

David K. Brooks
Assistant General Counsel

cc: Lori Wrotenbery, OCD Director
Tim Gum, District Supervision, District II