

NEW MEXICO OIL CONSERVATION DIVISION
2040 SOUTH PACHECO
SANTA FE, NM 87505

FEBRUARY 16, 1996

Certified Mail
Return Receipt Requested

Walter J. Cambern dba Cambern & Associates Oil & Gas.
Route 1, Box 501 A
Amarillo, TX 79106

Sunwest Bank of Rio Arriba, N.A.
PO Box 247
Chama, NM 87520
RE: Bond No. OCD-106

RE: OCD Case No. 11486

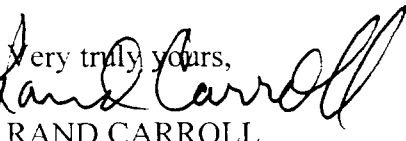
Application of the New Mexico Oil Conservation Division for a Show Cause Hearing requiring Walter J. Cambern dba Cambern & Associates Oil & Gas to appear and show cause why the Smith Well No. 1 located in Unit L of Sec.21, T31N, R3E, Rio Arriba, NM should not be plugged and abandoned

Dear Sir/Madam:

This letter is to advise you that the New Mexico Oil Conservation Division has filed the enclosed application seeking a Show Cause Hearing requiring Walter J. Cambern dba Cambern & Associates Oil & Gas to appear and show cause why it should not be ordered to plug and abandon the above-referenced well.

This application has been set for hearing before an Examiner of the Oil Conservation Division on March 7, 1996. You are not required to attend this hearing, but as an owner of an interest that may be affected by an order issued in this case, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Parties appearing in cases have been requested by the Division (Memorandum 2-90--- Enclosed) to file a Prehearing Statement substantially in the form prescribed by the Division. Prehearing statements should be filed by 4:00 o'clock p.m. on the Friday before a scheduled hearing.

Very truly yours,


RAND CARROLL
ATTORNEY FOR THE NEW MEXICO OIL CONSERVATION DIVISION
Enclosures

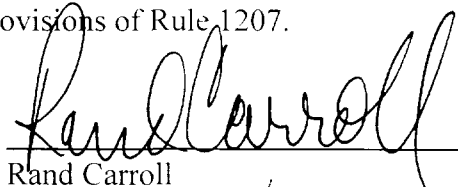
**STATE OF NEW MEXICO ENERGY,
MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

**APPLICATION OF THE NEW MEXICO OIL CONSERVATION DIVISION
THROUGH THE SUPERVISOR OF DISTRICT III FOR AN ORDER REQUIRING THE
SMITH WELL NO. 1 LOCATED IN UNIT I OF SEC. 21, T-31-N, R-3-E, RIO ARRIBA
COUNTY, NEW MEXICO, TO BE PROPERLY PLUGGED, AUTHORIZING THE
DIVISION TO PLUG SAID WELL, AND ORDERING A FORFEITURE OF THE
PLUGGING BOND, IF ANY.**

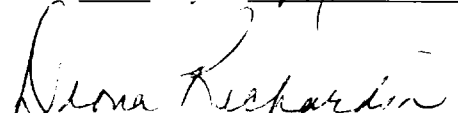
CASE NO. 11486

AFFIDAVIT REGARDING NOTICE

1. I am over the age of eighteen and have personal knowledge of the matters stated herein.
2. I am the attorney of record for Applicant.
3. Applicant has conducted a good faith, diligent effort to find the correct addresses of interest owners entitled to receive notice of the Application herein.
4. Notice of the Application was provided to the interest owners at their correct addresses by mailing them, by certified mail, a copy of the Application. Copies of the notice letter and certified return receipts are attached hereto.
5. Applicant has complied with the notice provisions of Rule 1207.


Rand Carroll

SUBSCRIBED AND SWORN TO before me this 7th day of March, 1996
by Rand Carroll.


NOTARY PUBLIC

My commission expires:

OCT 28, 1997

**STATE OF NEW MEXICO ENERGY,
MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

**APPLICATION OF THE NEW MEXICO OIL CONSERVATION DIVISION
THROUGH THE SUPERVISOR OF DISTRICT III FOR AN ORDER REQUIRING THE
SMITH WELL NO. 1 LOCATED IN UNIT I OF SEC. 21, T-31-N, R-3-E, RIO ARRIBA
COUNTY, NEW MEXICO, TO BE PROPERLY PLUGGED, AUTHORIZING THE
DIVISION TO PLUG SAID WELL, AND ORDERING A FORFEITURE OF THE
PLUGGING BOND, IF ANY.**

CASE NO. 11-136

APPLICATION FOR PLUGGING AND FORFEITURE OF BOND

1. Walter J. Cambern dba Cambern & Associates Oil and Gas (the "Operator") is the operator of the Smith Well No. 1 located in Unit L of Sec. 21, T-31-N, R-3-E, Rio Arriba County, New Mexico.

2. Operator has posted a cash bond in the amount of \$5,000 with Sunwest Bank of Rio Arriba, N.A., Chama, New Mexico, (Bond No. OCD-106) for said well in compliance with Section 70-2-14 NMSA 1978 and Rule 101 of the Rules and Regulations of the Oil Conservation Division, which bond is conditioned upon compliance with the statutes of the State of New Mexico and the Rules and Regulations of the Division with respect to the proper plugging and abandonment of the wells operated by Operator.

3. The subject well has not produced hydrocarbon carbon dioxide substance or has otherwise been inactive for more than one year or are no longer usable for beneficial purposes and no permit for temporary abandonment has been requested by the Operator and approved by the Division.

4. By virtue of the failure to use the wells for beneficial purposes or to have an approved current temporary abandonment permit, the subject well is presumed to have been abandoned and is required to be plugged.

5. By authority of Section 70-2-14 NMSA 1978, the Rules and Regulations of the Division require wells which are inactive for more than one year or are no longer usable for beneficial purposes to be properly plugged.

6. Demand has been attempted to be made upon the Operator to either place the subject well to beneficial use, obtain approval for temporary abandonment or properly plug and abandon the same and the Operator has failed to do so.

WHEREFORE, the Supervisor of District III of the Oil Conservation Division applies to the Director to enter an order:

A. Determining whether or not the Smith Well No. 1 should be plugged in accordance with a Division-approved plugging program.

B. Upon a determination that said well should be plugged, directing Operator to plug said well.

C. Further ordering that if Operator fails to plug and abandon said well as ordered

by the Director, that the Division be authorized:

i. to plug said well;

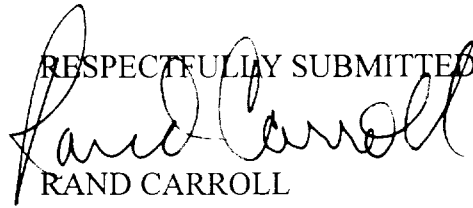
ii. to declare forfeit on said bond, if any, and to take such action to foreclose on said bond, and

iii. to recover from the Operator any costs of plugging said well in excess

of the amount of the bond, if any.

D. For such other and further relief as the Division seems just and proper.

RESPECTFULLY SUBMITTED,

A handwritten signature in black ink, appearing to read "Rand Carroll". The signature is written in a cursive style with a large, looping initial "R".

RAND CARROLL

Legal Counsel

New Mexico Oil Conservation Division

2040 South Pacheco

Santa Fe, NM 87505

(505) 827-8156