

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

March 15, 1996

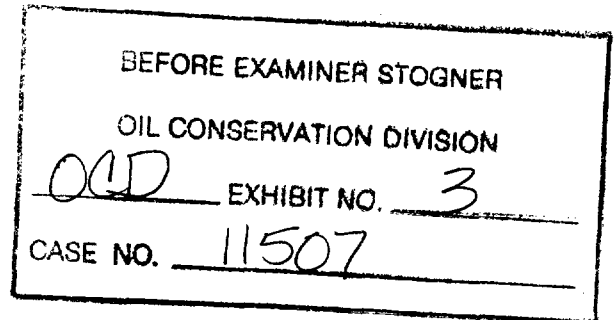
Certified Mail
Return Receipt Requested

Petroleum Development Corporation
9720-B Candelaria NE
Albuquerque, NM 87112

Fred Shelton, Jr.
3501 Gillon
Dallas, TX 75205

Fred Shelton, III
P.O. Box 6666
Buffalo Gap, TX 79508

Norwest Bank
P.O. Box 1081
Albuquerque, NM 87103-1081



RE: OCD Case No. 11507

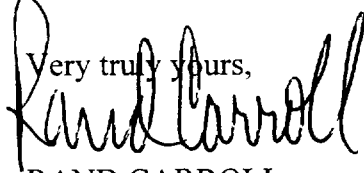
Application of the New Mexico Oil Conservation Division for a Show Cause Hearing requiring Petroleum Development Corporation and other interested parties to appear and show cause why four wells in Rio Arriba County, NM should not be plugged and abandoned

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 Petroleum Development Corporation and other interested parties to appear and show cause why the above-referenced wells should not be ordered plugged and abandoned.

This application has been set for hearing before an Examiner of the Oil Conservation Division on April 4, 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

cc: Johnny Robinson, OCD Aztec

**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
EL POSO RANCH WELLS NOS. 5, 6, 8 AND 11 LOCATED RESPECTIVELY IN
UNITS K OF SEC. 11, L OF SEC. 23, N OF SEC. 14 AND K OF SEC. 14, ALL IN
TOWNSHIP 28 NORTH, RANGE 1 EAST, RIO ARRIBA COUNTY, NEW MEXICO, TO
BE PROPERLY PLUGGED, AUTHORIZING THE DIVISION TO PLUG SAID WELLS,
AND ORDERING A FORFEITURE OF THE PLUGGING BOND, IF ANY.**

CASE NO. _____

APPLICATION FOR PLUGGING AND FORFEITURE OF BOND

1. Petroleum Development Corporation (the "Operator") is the operator of the El Poso Ranch Wells Nos. 5, 6, 8, and 11 located respectively in Units K of Sec. 11, L of Sec. 23, N of Sec. 14 and K of Sec. 14, all in Township 28 North, Range 1 East, Rio Arriba County, New Mexico.

2. Operator has posted a cash bond in the amount of \$50,000 with United New Mexico Bank, Albuquerque, New Mexico, (Bond No. OCD-431 and Account No. 40000-86555) 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 wells have not produced hydrocarbon or carbon dioxide substance or have 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 wells are presumed to have been abandoned and are 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 wells 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 El Poso Ranch Wells Nos. 5, 6, 8 and 11 should be plugged in accordance with a Division-approved plugging program.

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

C. Further ordering that if Operator fails to plug and abandon said wells as ordered by the Director, that the Division be authorized:

i. to plug said wells;

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

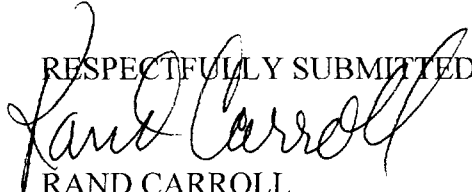
foreclose on said bond, and

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", written over the typed name.

RAND CARROLL

Legal Counsel

New Mexico Oil Conservation Division

2040 South Pacheco

Santa Fe, NM 87505

(505) 827-8156

P 326 937 121

US Postal Service

Receipt for Certified Mail

No Insurance Coverage Provided.

Do not use for International Mail (See reverse)

Sent to
FRED SHELTON, III

Street & Number

PO BOX 6666

Post Office, State, & ZIP Code

BUFFALO GAP, TX 79508

Postage \$

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Special Delivery Fee

Restricted Delivery Fee

Return Receipt Showing to Whom & Date Delivered

Return Receipt Showing to Whom, Date, & Addressee's Address

TOTAL Postage & Fees \$

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Do not use for International Mail (See reverse)

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FRED SHELTON, JR.

Street & Number
3501 GILLON

Post Office, State, & ZIP Code

DALLAS TX 75205

Postage \$

Certified Fee

Special Delivery Fee

Restricted Delivery Fee

Return Receipt Showing to Whom & Date Delivered

Return Receipt Showing to Whom, Date, & Addressee's Address

TOTAL Postage & Fees \$

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Sent to
PETROLEUM DEVELOPMENT CORP

9720 N CANDELARIA NE

Post Office, State, & ZIP Code
ALBUQUERQUE, NM 87112

Postage \$

Certified Fee

Special Delivery Fee

Restricted Delivery Fee

Return Receipt Showing to Whom & Date Delivered

Return Receipt Showing to Whom, Date, & Addressee's Address

TOTAL Postage & Fees \$

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PS Form 3800, April 1995

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Receipt for Certified Mail

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Sent to
NORWEST BANK

Street & Number
PO BOX 1081

ALBUQUERQUE, NM 87103-1081

Postage \$

Certified Fee

Special Delivery Fee

Restricted Delivery Fee

Return Receipt Showing to Whom & Date Delivered

Return Receipt Showing to Whom, Date, & Addressee's Address

TOTAL Postage & Fees \$

Postmark or Date

PS Form 3800, April 1995

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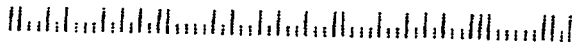


First-Class Mail
Postage & Fees Paid
USPS
Permit No. G-10

• Print your name, address, and ZIP-Code in this box •

OIL CONSERVATION DIVISION
2040 S. PACHECO
SANTA FE, NEW MEXICO 87505

(RAND CARROLL)



SENDER:

- Complete items 1 and/or 2 for additional services.
- Complete items 3, 4a, and 4b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee):

1. ☐ Addressee's Address
2. ☐ Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:

PETROLEUM DEVELOPMENT CORP
9720-B CANDELARIA NE
ALBUQUERQUE, NM 87112

4a. Article Number

P 326 937 120

4b. Service Type

- | | |
|---|---|
| <input type="checkbox"/> Registered | <input checked="" type="checkbox"/> Certified |
| <input type="checkbox"/> Express Mail | <input type="checkbox"/> Insured |
| <input type="checkbox"/> Return Receipt for Merchandise | <input type="checkbox"/> COD |

7. Date of Delivery

3/28

5. Received By: (Print Name)

8. Addressee's Address (Only if requested and fee is paid)

6. Signature (Addressee or Agent)

X *[Signature]*



● Print your name, address, and ZIP Code in this box ●

OIL CONSERVATION DIVISION

2040 S. PACHECO

SANTA FE, NEW MEXICO 87505

(RAND CARROLL)

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Consult postmaster for fee.

3. Article Addressed to:

NORWEST BANK

PO BOX 1081

ALBUQUERQUE, NM 87103-1081

4a. Article Number

P 326 937 119

4b. Service Type

- | | |
|---|---|
| <input type="checkbox"/> Registered | <input checked="" type="checkbox"/> Certified |
| <input type="checkbox"/> Express Mail | <input type="checkbox"/> Insured |
| <input type="checkbox"/> Return Receipt for Merchandise | <input type="checkbox"/> COD |

7. Date of Delivery

5. Received By: (Print Name)

8. Addressee's Address (Only if requested and fee is paid)

6. Signature: (Addressee or Agent)

X

Thank you for using Return Receipt Service.



First-Class Mail
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USPS
Permit No. 9-10

• Print your name, address, and ZIP Code in this box •

OIL CONSERVATION DIVISION
2040 S. PACHECO
SANTA FE, NEW MEXICO 87505

(RAND CARROLL)

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Consult postmaster for fee.

3. Article Addressed to:

FRED SHELTON, JR.
3501 GILLON
DALLAS, TX. 75205

4a. Article Number

P 326 937 122

4b. Service Type

- | | |
|---|---|
| <input type="checkbox"/> Registered | <input checked="" type="checkbox"/> Certified |
| <input type="checkbox"/> Express Mail | <input type="checkbox"/> Insured |
| <input type="checkbox"/> Return Receipt for Merchandise | <input type="checkbox"/> COD |

7. Date of Delivery

3-20-96

5. Received By: (Print Name)

8. Addressee's Address (Only if requested and fee is paid)

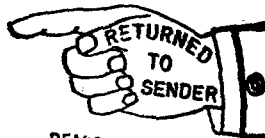
6. Signature: (Addressee or Agent)

[Signature]

Thank you for using Return Receipt Service.

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 S. PACHECO
SANTA FE, NM 87505



REASON CHECKED
Unclaimed ☒ Refused _____
Addressee unknown _____
Insufficient Address _____
No such street number _____
No such street in state _____
Not in this envelope _____

CERTIFIED

P 326 937 121

MAIL

FRED SHELTON, III
PO BOX 6666
BUFFALO GAP, TX 79508

**CERTIFIED - RETURN
RECEIPT REQUESTED**

FIRST NOTICE 3-20

FINAL NOTICE 3-24

RETURN DATE 4-4

SENDER:

- Complete items 1 and/or 2 for additional services.
- Complete items 3, 4a, and 4b.
- Print your name and address on the reverse of this form so that we can return this card to you.
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I also wish to receive the following services (for an extra fee):

- ☐ Addressee's Address
- ☐ Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:

FRED SHELTON, III
PO BOX 6666
BUFFALO GAP, TX 79508

4a. Article Number

P 326 937 121

4b. Service Type

- | | |
|---|------------------------------------|
| <input type="checkbox"/> Registered | <input type="checkbox"/> Certified |
| <input type="checkbox"/> Express Mail | <input type="checkbox"/> Insured |
| <input type="checkbox"/> Return Receipt for Merchandise | <input type="checkbox"/> COD |

7. Date of Delivery

5. Received By: (Print Name)

6. Signature: (Addressee or Agent)

X

8. Addressee's Address (Only if requested and fee is paid)

Is your RETURN ADDRESS completed on the reverse side?

PS Form 3811, December 1994

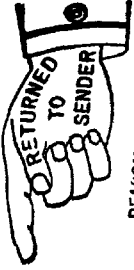
Domestic Return Receipt

Thank you for using Return Receipt Service.

1996
79508

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 S. PACHECO
SANTA FE, NM 87505



REASON CHECKED

Unclaimed ☒ Returned ☐
Addressee unknown ☐
Insufficient address ☐
No such street ☐ Number ☐
No such city ☐ State ☐
Other ☐ in this envelope

CERTIFIED

P 326 937 121

MAIL

~~FRED SHELTON, III
PO BOX 6666
BUFFALO GAP, TX 79508~~

**CERTIFIED - RETURN
RECEIPT REQUESTED**

FIRST NOTICE 3-20
FINAL NOTICE 3-26
RETURN DATE 4-4