



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

August 8, 2001

Michael DeMar
Larzelere, Picou & Wells
Suite 1100
2 Lakeway Center
Metairie, Louisiana 70002

Re: Oil Conservation Division Case No. 12280
Order No. R-11324
Rault Petroleum Corporation

Dear Mr. DeMar,

In response to your inquiry on behalf of the surety in this matter, I examined the case file and have retrieved a number of documents which I believe are relevant to your request. Enclosed, please find:

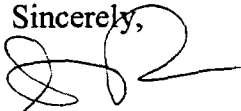
1. Order No. R-11324 of the Oil Conservation Division ordering Rault Petroleum Corporation to plug four wells in Lincoln, DeBaca, and Chaves Counties
2. The Application of the Division in the aforementioned case.
3. An Affidavit as to notice that was submitted in support of the Application.
4. The transcript of the hearing of December 2, 1999.
5. Portions of the well files and other documents submitted to the hearing examiner in support of the application.
6. Portions of relevant rules of the Oil Conservation Division regarding well plugging and bonding, as well as a copy of relevant portions of the Oil and Gas Act.

As we discussed in the telephone, the ownership of the minerals is irrelevant to the question of whom is responsible for posting the bond and for properly plugging a well. See NMSA 1978, § 70-2-14. As Rault Petroleum Corp. was the operator of the relevant wells, it matters not that the mineral interests may have been transferred to others. The Division thus properly required Rault to plug the wells, and properly levied on the plugging bond when Rault refused to do so.

Michael DeMar
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Please give me a call at (505) 476-3451 if you need further information.

Sincerely,

A handwritten signature in black ink, appearing to be "S. Ross", with a large loop and a trailing line.

Stephen C. Ross
Assistant General Counsel

Cc: Artesia District Office
Bond File