

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

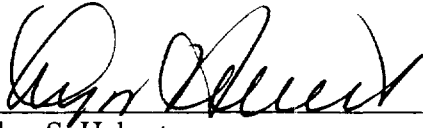
APPLICATION OF THE NEW MEXICO OIL CONSERVATION DIVISION
THROUGH THE SUPERVISOR OF DISTRICT II FOR AN ORDER
REQUIRING RED LAKE OIL COMPANY TO PROPERLY PLUG ONE WELL
IN EDDY COUNTY, NEW MEXICO, AUTHORIZING THE DIVISION TO PLUG
SAID WELL, AND ORDERING A FORFEITURE OF THE PLUGGING BOND,
IF ANY.

3

CASE NO. 12435

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 the 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.


Marilyn S. Hebert

SUBSCRIBED AND SWORN TO before me this 18th day of June 2000.

My commission expires:

2/18/2003

NOTARY PUBLIC	
MARILYN S. HEBERT	
OIL CONSERVATION DIVISION	
OCD	EXHIBIT NO. 3
CASE NO.	12435

State of New Mexico

ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

2040 South Pacheco

P.O. Box 6429

Santa Fe, New Mexico 87505-5472

Second House

Room

JUN - 5 1983

Fold at line over top of envelope to
the right of the return address

CERTIFIED

Z 559 572 864

MAIL

Red Lake Oil Company

P.O. Box 742341

Houston, Texas 77274-2341

FORWARDED BY
CARRIER

FORWARDED BY
CARRIER

Z 559 572 864

US Postal Service

Receipt for Certified Mail

No Insurance Coverage Provided.

Do not use for International Mail (See reverse)

Sent to
Red Lake Oil Company
Street & Number
PO Box 742341
Post Office, State, & ZIP Code
Houston, TX 77274-2341

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

Fold at line over top of envelope to the right of the return address

CERTIFIED

Z 559 572 864

MAIL

Z 559 572 865

US Postal Service

Receipt for Certified Mail

No Insurance Coverage Provided.

Do not use for International Mail (See reverse)

Sent to
First Interstate Bank of Santa Fe, N.M.
Street & Number
P.O. Box 969
Post Office, State, & ZIP Code
Santa Fe, NM 87501

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

Fold at line over top of envelope to the right of the return address

CERTIFIED

Z 559 572 865

MAIL



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

May 23, 2000

**CERTIFIED MAIL
RETURN RECEIPT REQUESTED**

Red Lake Oil Company
Post Office Box 742341
Houston, Texas 77274-2341

First Interstate Bank of Santa Fe, N.A.
Post Office Box 969
Santa Fe, NM 87501

Re: Case No. 12435
Application of the New Mexico Oil Conservation Division for an order requiring
Red Lake Oil Company to plug one well in Eddy County, New Mexico

Dear Sir or Madam:

This letter is to advise you that the New Mexico Oil Conservation Division has filed the enclosed application for a hearing requiring Red Lake Oil Company and other interested parties to appear and show cause why certain wells should not be ordered plugged and abandoned.

This application has been set for hearing before an Examiner of the Oil Conservation Division on the June 15, 2000. You are not required to attend this hearing, but as 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 are required by Division Rule 1208.B, enclosed, to file a Prehearing Statement three days in advance of the hearing.

Best regards,

Marilyn S. Hebert
Attorney

c: Tim Gum, District Supervisor
Mike Stubblefield, OCD Artesia

(10) This paragraph has been moved and renumbered to 19 NMAC 15.N.1207.A.(7). [1-1-86...2-1-96; A, 7-15-99]

(11) This paragraph has been moved and renumbered to 19 NMAC 15.N.1207.A.(8). [1-1-86...2-1-96; A, 7-15-99]

1207.B. Type and Content of Notice. Any notice required by this rule shall be sent by certified mail, return receipt requested, to the last known address of the person to whom notice is to be given at least 20 days prior to the date of hearing of the application and shall include: a copy of the application; the date, time and place of the hearing; and the means by which protests may be made. [1-1-86...2-1-96; A, 7-15-99]

1207.C. At the hearing, the applicant shall make a record, either by testimony or affidavit signed by the applicant or its authorized representative, that: (a) the notice provisions of this rule have been complied with; (b) the applicant has conducted a good-faith diligent effort to find the correct address of all persons entitled to notice; and (c) pursuant to this rule, notice has been given at that correct address as required by this rule. In addition, the record shall contain the name and address of each person to whom notice was sent and, where proof of receipt is available, a copy of the proof. [1-1-86...2-1-96; A, 7-15-99]

1207.D. Evidence of failure to provide notice as required in this rule may, upon proper showing, be considered cause for reopening the case. [1-1-86...2-1-96; A, 7-15-99]

1207.E. In the case of an administrative application where the required notice was sent and a timely filed protest was made, the Division shall notify the applicant and the protesting party in writing that the case has been set for hearing and the date of the hearing. No further notice is required. [7-15-99]

1208 PLEADINGS: COPIES [9-15-55...2-1-96; A, 7-15-99]

1208.A. For pleadings and correspondence filed in cases pending before a Division Examiner, two copies must be filed with the Division. For pleadings and correspondence filed in cases pending before the Commission, five copies must be filed with the Division. The Division will disseminate copies to the members of the Commission. The party filing the pleading or correspondence shall at the same time either hand deliver or transmit by facsimile or electronic mail to any party who has entered an appearance therein or the attorneys of record, a copy of the pleading or correspondence. An appearance of any interested party shall be made either by letter addressed to the Division or in person at any proceeding before the Commission or before a Division Examiner, with notice of such appearance to the parties of record. [9-15-55...2-1-96; A, 7-15-99]

1208.B. Parties to an adjudicatory proceeding must file a prehearing statement three days in advance of a scheduled hearing before the Division or the Commission. The statement must include: the names of the parties and their attorneys; a concise statement of the case; the names of all witnesses the party will call to testify at the hearing; the approximate time the party will need to present its case; and identification of any procedural matters that are to be resolved prior to the hearing. [7-15-99]

OIL CONSERVATION DIV.
CO. MAY 5 1978
DEPARTMENT 7: 11

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 II FOR AN ORDER REQUIRING
RED LAKE OIL COMPANY TO PROPERLY PLUG ONE WELL IN EDDY COUNTY,
NEW MEXICO, AUTHORIZING THE DIVISION TO PLUG SAID WELL, AND
ORDERING A FORFEITURE OF THE PLUGGING BOND, IF ANY.**

CASE NO. 12435

APPLICATION FOR PLUGGING AND FORFEITURE OF BOND

1. Red Lake Oil Company ("Operator") is the operator of the following well in Eddy County, New Mexico: the Welch State No. 1 located in Unit J, 1750 feet from the South line and 1650 feet from the East line in Section 28, Township 17 South, Range 28 East.

2. Operator has posted a cash bond in the amount of \$5,000.00 for the above-listed well in compliance with NMSA 1978, § 70-2-14 and Rule 101 of the Rules of the Oil Conservation Division ("Division"), which bond is conditioned upon compliance with the statutes of the State of New Mexico and the Rules of the Division with respect to the proper plugging and abandonment of wells operated by Operator. The First Interstate Bank of Santa Fe, N.A. is the financial institution that holds the cash bond.

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

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

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

6. Demand has been made or attempted to be made upon the Operator either to 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 II of the Oil Conservation Division applies to the Director to enter an order:

A. Determining the well should be plugged in accordance with a Division-approved plugging program.

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

C. Further ordering that if Operator fails to plug and abandon the well as ordered by the Director, that the Division be authorized: i. to plug the well; ii. to declare forfeit on the bond, if any, and to take such action to foreclose on the bond; and iii. to recover from the Operator any costs of plugging the well in excess of the amount of the bond, if any.

D. For such other and further relief as the Division deems just and proper, including the assessment of fines.

RESPECTFULLY SUBMITTED,



Marilyn S. Hebert, Attorney
New Mexico Oil Conservation Division
2040 South Pacheco
Santa Fe, NM 87505
(505) 827-8156

OIL CONSERVATION DIV.

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 II FOR AN ORDER
REQUIRING RED LAKE OIL COMPANY TO PROPERLY PLUG ONE WELL
IN EDDY COUNTY, NEW MEXICO, AUTHORIZING THE DIVISION TO PLUG
SAID WELL, AND ORDERING A FORFEITURE OF THE PLUGGING BOND,
IF ANY.**

CASE NO. 12435

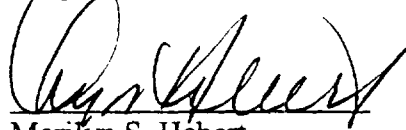
PERSONS TO BE NOTIFIED

The following are the persons to be notified in this matter:

Red Lake Oil Company
Post Office Box 742341
Houston, TX 77274-2341

First Interstate Bank of Santa Fe, N.A.
Post Office Box 969
Santa Fe, NM 87501

Respectfully submitted



Marilyn S. Hebert
Attorney
Oil Conservation Division
2040 South Pacheco
Santa Fe, NM 87505
(505) 827-1364