



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Carol Leach
Acting Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

January 30, 2002

M & G Oil, Inc.
1934 N. Fowler
Hobbs, NM 88240

Lumbermen's Mutual Casualty Company
c/o Kemper Insurance
Attn Michele LeCesne
One Kemper Drive K-7
Long Grove IL 60049-0001

VIA CERTIFIED MAIL, RETURN RECEIPT REQUESTED

Re: Case No. 2823: Application of the New Mexico Oil Conservation Division for an Order Requiring M&G Oil, Inc. to Properly Plug Four (4) Wells, Imposing Civil Penalties for Failure to Comply, Authorizing the Division to Plug Said Wells and Ordering a Forfeiture of Applicable Plugging Bond.

Lumbermen's Mutual Casualty Company Bond No. 3S-568-862-00

Ladies and Gentlemen:

You are hereby notified that the New Mexico Oil Conservation Division has filed the referenced Application, a copy of which is enclosed herewith, seeking an Order requiring M&G Oil, Inc. or his surety to properly plug and abandon four (4) wells located in Lea County, New Mexico, specifically identified in said application.

A hearing on this Application will take place before a Division hearing officer on Thursday, February 21, 2002, at 8:15 a.m., in the Division Hearing Room, First Floor, 1220 South St. Francis Drive in Santa Fe, New Mexico. At that hearing you will have an opportunity to show cause, if any there be, why an order should not be entered as requested in the Application.

The referenced surety bond no. 3S-568-862-00 was cancelled as to future liability effective May 11, 1987. However it remains in effect with respect to any property or wells acquired, started or drilled prior to that date.

Inquiries concerning this application may be directed to the undersigned in the Santa Fe office of the Division at (505)-476-3450.

Very truly yours,

A handwritten signature in black ink, appearing to read 'D.K. Brooks', written in a cursive style.

David K. Brooks
Assistant General Counsel