

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 I. T. PROPERTIES 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. 12459

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*

Marilyn S. Hebert

SUBSCRIBED AND SWORN TO before me this 6th day of July 2000.

My commission expires:  
2/18/2003

*[Signature]*  
NOTARY PUBLIC

BEFORE EXAMINER <del>          </del>	
OIL CONSERVATION DIVISION	
OCD	EXHIBIT NO. <u>3</u>
CASE NO.	<u>12459</u>



# NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

**GARY E. JOHNSON**  
Governor  
**Jennifer A. Salisbury**  
Cabinet Secretary

**Lori Wrotenbery**  
Director  
Oil Conservation Division

June 21, 2000

Mr. K. W. Chen  
d/b/a I. T. Properties  
3502 Yachtclub Ct.  
Arlington, TX 76016

**CERTIFIED MAIL**  
**RETURN RECEIPT REQUESTED**

Gulf Insurance Company  
Post Office Box 1771  
Dallas, TX 75221-1771

**Re: Case No. 12459**

Application of the New Mexico Oil Conservation Division for an order requiring  
I. T. Properties to plug one well in Eddy County, New Mexico

Dear Gentlemen:

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

This application has been set for hearing before an Examiner of the Oil Conservation Division on July 13, 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]

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  
I. T. PROPERTIES TO PROPERLY PLUG ONE WELL IN EDDY COUNTY, NEW  
MEXICO, AUTHORIZING THE DIVISION TO PLUG SAID WELLS, AND ORDERING  
A FORFEITURE OF THE PLUGGING BOND, IF ANY.

CASE NO. 12459

APPLICATION FOR PLUGGING AND FORFEITURE OF BOND

1. I. T. Properties ("Operator") is the operator of the following well:  
  
DHY St. No. 1 located 1980' FNL and 1980' FWL in Section 23, Township 19, Range  
28 East (Unit F) in Eddy County, New Mexico
2. Operator has posted a surety bond in the amount of \$50,000.00 for said 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 the well operated by Operator. Gulf Insurance Company is the surety .
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 whether 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

**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 I. T. PROPERTIES TO PROPERLY PLUG ONE WELL IN EDDY  
COUNTY, NEW MEXICO, AUTHORIZING THE DIVISION TO PLUG SAID  
WELLS, AND ORDERING A FORFEITURE OF THE PLUGGING BONDS, IF  
ANY.**

**CASE NO. 12459**

**PERSONS TO BE NOTIFIED**

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

Mr. K. W. Chen  
d/b/a I. T. Properties  
3502 Yachtclub Ct.  
Arlington, TX 76016

Gulf Insurance Company  
Post Office Box 1771  
Dallas, TX 75221-1771

RESPECTFULLY SUBMITTED,



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

Is your **RETURN ADDRESS** completed on the reverse side?

**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:

Gulf Insurance Company  
 PO Box 1771  
 Dallas, TX 75221-1771

4a. Article Number

2 559 572 969

4b. Service Type

- Registered
- Express Mail
- Return Receipt for Merchandise
- COD
- Certified
- Insured

7. Date of Delivery

JUN 6 2000

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

Signature: *[Handwritten Signature]*  
~~Address~~ MILLER

PS Form 3811, December 1994

102596-97-8-0179

Domestic Return Receipt

Thank you for using Return Receipt Service.

2 559 572 969

US Postal Service  
**Receipt for Certified Mail**  
 No Insurance Coverage Provided.  
 Do not use for International Mail. (See reverse)

Sent to	Gulf Insurance Company
Street & Number	PO Box 1771
Post Office, State, & ZIP Code	Dallas, TX 75221-1771
Postage	\$ 02
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, & Addressee's Address	
<b>TOTAL Postage &amp; Fees</b>	<b>\$</b>
Postmark or Date	

PS Form 3800, April 1995

State of New Mexico  
**ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT**

2040 South Pacheco  
P. O. Box 6429  
Santa Fe, New Mexico 87505-6472



**UNCLAIMED**

JUL 24 1988

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

**CERTIFIED**

Z 559 572 46A

**MAIL**

Mr. K. W. Chen  
dba I.T. Properties  
3502 Yachtclub Ct.  
Arlington, TX 76016

~~UNCLAIMED~~

B C D  
A44  
6/24  
K28  
A44

NAME  
101 W. WILSON  
SANTA FE, NM

Is your **RETURN ADDRESS** completed on the reverse side?

**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:

Mr. K. W. Chen  
dba I.T. Properties  
3502 Yachtclub Ct.  
Arlington, TX 76016

4a. Article Number

Z 559 572 968

4b. Service Type

- Registered  Certified
- Express Mail  Insured
- Return Receipt for Merchandise  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

PS Form 3811, December 1994

102595-97-B-0179

Domestic Return Receipt

Thank you for using our Postnet Service.

Z 559 572 568

US Postal Service

**Receipt for Certified Mail**

No Insurance Coverage Provided.

Do not use for International Mail (See reverse)

Sent to	Mr. K. W. Chen
Street & Number	dba/ I.T. Properties 3502 Yachtclub Ct.
Post Office, State, & ZIP Code	Arlington, TX 76016
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	
<b>TOTAL Postage &amp; Fees</b>	<b>\$</b>
Postmark or Date	

PS Form 3800, April 1995

**Hebert, Lyn**

---

**From:** Hebert, Lyn  
**Sent:** Wednesday, October 04, 2000 16:52 PM  
**To:** Gum, Tim; Stubblefield, Mike  
**Cc:** Phillips, Dorothy  
**Subject:** IT Properties

I know you will all think I caved to Mr. Chen just to get him off the phone. Well, there's some truth to that. But he claimed the well is a valuable asset capable of producing 200 mcf/day. He also claimed there was only one service company competent to work on this well, L & R Service, I think. He also said that at a hearing he would bring \$78,000 worth of bills representing the money he and his partners have spent on the workover since 1996. I told him he would have 30 days from the date of the order, but he said that with all the activity today, he probably would not be able to get the service company in that length of time.

So, finally, I told Mr. Chen that based on his representations, I would recommend that the hearing examiner continue this case **one time only** to January 11, 2001. Come January 11 if the well is not producing or plugged, the case will be heard and no continuances granted.

Notes **NOTES** Notas

*Mr. Chen*  
*IT Properties*  
*RE: Hearing*  
*Tomorrow*  
*HAVE*  
*817-795*  
*8610*  
*cont. 7/15*  
*reg'd an ext. 1996*  
*send*