

Correspondence

Renovo

Case No. 12792



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
BETTY RIVERA
Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

William F. Carr
Holland & Hart LLP
P.O. Box 2208
Santa Fe, New Mexico 87504

David K. Brooks
Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, New Mexico 87505

Re: *Case No. 12828, de novo*, Application of the New Mexico Oil Conservation Division for, among other things, an order requiring Kelly H. Baxter to properly plug seven wells in Lea County, New Mexico

Dear Counsel,

This matter is to be heard *de novo* by the New Mexico Oil Conservation Commission pursuant to NMSA 1978, § 70-2-13. Ordinarily, the matter would be docketed for hearing during the Commission's December 13 meeting. I am sure you are aware that the practice of the Commission in recent years has been to hear a contested case in one month and issue an order during the meeting the following month. This year it is possible that one or more members of the present Commission may not serve during the next administration; were this case heard during the December hearing, a different Commission could be called upon to decide the matter in January. Therefore, the Chair has decided that no contested matters will be heard on December 13. Thus, this case will be placed on the docket for the Commission's first meeting in January 2003. The date for that meeting has not yet been set.

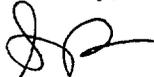
Once the hearing is scheduled, please provide a copy of each exhibit that is to be offered to the Commission Secretary no later than one week prior to the date set for hearing. If a continuance results in the matter being set in a subsequent month, exhibits should be submitted no later than one week prior to the re-scheduled hearing. It would also be helpful if you could provide a more detailed statement of your positions in the pre-hearing statement than is customary. Please provide the pre-hearing statement no later than one week prior to the scheduled hearing as well. Thank you in advance for your cooperation on this issue.

With respect to the exhibits, current practice varies concerning the number of copies submitted to the Commission Secretary and during the hearing. During at least one recent hearing, not enough sets of exhibits were submitted so that each Commissioner, Commission counsel and the Court Reporter had a complete set of exhibits. Please provide one complete set of exhibits for each Commissioner, Commission counsel, and the Court Reporter (5 sets). If you wish, the set used for witnesses to testify at the witness table from may become the Court Reporter's set.

Counsel, Kelly H. Baxter
Page 2
November 25, 2002

As always, if you have any questions, please do not hesitate to give me a call at 476-3451.

Sincerely,

A handwritten signature in black ink, appearing to be 'S. Ross', written in a cursive style.

Stephen C. Ross
Assistant General Counsel

Cc: Florene Davidson, Commission Secretary

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William F. Carr

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November 22, 2002

VIA HAND DELIVERY

Ms. Lori Wrotenbery, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

RECEIVED
NOV 22 2002
NEW MEXICO DEPARTMENT OF ENERGY
MINERALS AND NATURAL RESOURCES

Re: Case No. 12792: Application of the New Mexico Oil Conservation Division for an order requiring Kelly H. Baxter to properly plug (7) wells, imposing civil penalties in the event of failure to comply, authorizing the Division to plug said wells in default of compliance by Kelly H. Baxter of his surety, and ordering a forfeiture of applicable plugging bond, Lea County, New Mexico.

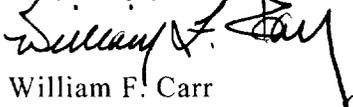
Dear Ms. Wrotenbery;

On October 8, 2002, the Division entered Order No. R-11840 in the above-referenced case requiring that the seven wells that are the subject of this application be plugged and abandoned. Following the entry of this order, Mr. Baxter contacted me concerning his plans for these wells. At my request, Mr. Baxter has summarized the actions that he is taking to bring these wells into compliance with Division rules. Mr. Baxter's letter is enclosed.

We have filed an application for hearing de novo in this case because Mr. Baxter plans to return the Speight Wells No. 1 and 2 to production and amendment of the Division's order will be required to accomplish this objective.

Mr. Baxter will coordinate his efforts to plug these wells with the Hobbs District Office.

Very truly yours,



William F. Carr
Attorney for Kelly H. Baxter

Enclosure

cc: Mr. David K. Brooks, Esq.
Assistant General Counsel

Kelly H. Baxter

KELLY H. BAXTER
P.O. BOX 1649
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November 5, 2002

David K. Brooks, Esquire
Assistant General Council
Oil Conservation Division
New Mexico Department of Energy, Minerals and Natural Resources
1220 South St. Francis Dr.
Santa Fe, NM 87505

RE: OCD Case #12792

Dear Mr. Brooks,

The following wells will be plugged and abandoned on or before November 15, 2002. They are as follows:

Wallen Fee #1
Wallen Fee #2
State 26 #1

I am still waiting and have been waiting since 3/02 for Mayo Marrs Casing Pulling, Inc. of Kermit Texas to plug two wells. They are as follows:

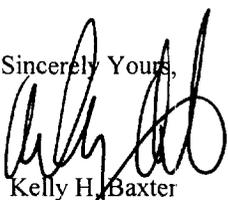
State FP #1
State Wes #1

They were low bidders on these two wells but have been tied up plugging for the State of New Mexico. I am also on Basic Energy Services of Odessa, Texas waiting list to plug these two wells as they were the second low bidders. Again, they are also tied up with the State of New Mexico.

I am getting a new lease on the Speight #1 and #2 and will return them to production on or before 90 days from the date of this letter.

If you have any questions or need anything else, please contact me at the above or by calling 1-800-905-1737.

Sincerely Yours,



Kelly H. Baxter