



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

CONSERVATION DIVISION
DISTRICT I HOBBS
1625 N. French Drive, Hobbs, NM 88241
(505) 393-6161
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Jennifer A. Salisbury
CABINET SECRETARY

March 20, 2000

Spence Energy Co.
4925 Greenville
Ste 220
Dallas, Tx 79206

**RE: Kellahin 14 State # 2
Unit Letter P , Section 14, Township 9 South, Range 32 East**

Gentlemen:

Through routine inspection it has come to our attention that the above referenced well has been shut in for an extended period of time. A review of our records show that this well has not been properly Temporarily Abandoned or Plugged and Abandoned. Producing wells can not be shut in for longer than a year.

The following options are available regarding the future disposition of this well:

1. Restore the well to production.
2. Set plug, conduct mechanical integrity test, and request temporary abandoned status.
3. Submit a proposal to plug and abandon the well, proceed with plugging on a timely basis after the proposal has been evaluated, amended and or approved.

To avoid further action, we request that you exercise one of the above options no later than April 4, 2000. We request that you notify this office 24 hours prior to any operation in order to witness the operation, either repair or plugging and pressure test upon completion of repairs or to request TXA status.

Very truly yours
OIL CONSERVATION DIVISION

Billy Prichard
Deputy Inspector, District 1

BP:pc

Xc: Chris Williams
Gary Wink
Sylvia Dickey
File