



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

TONEY ANAYA
GOVERNOR

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STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-5800

January 31, 1985

Mr. R. E. Bennett
Bennett Petroleum Corporation
1580 Lincoln Street
Suite 630
Denver, Co. 80203

RE: Plugging of: Phelps Dodge Well No. 2,
Unit J, Section 4; Well No. 3, Unit P,
Section 9; Well No. 3Y, Unit I, Section 9;
T28N, R21E; Well No. 5, Unit P, Section 24,
T28N, R20E, Colfax County, New Mexico

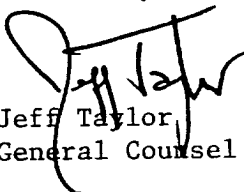
Dear Mr. Bennett:

A review of our files indicates that the above-referenced wells, held in the name of Bennett Petroleum Corporation and bonded by the Travellers Indemnity Company, have not been plugged and abandoned according to law, and should therefore have their plugging bonds forfeited. The bonds for the wells, in the amount of ten thousand dollars (\$10,000) per well, are payable to the New Mexico Oil Conservation Division upon default of the principle, Bennett Petroleum.

In September, 1980, the OCD issued an order, a copy of which is enclosed, requiring that all of these wells be plugged by Bennett Petroleum or its surety. A lengthy correspondence ensued, but we have no record that the wells were ever plugged. Because a plugging order has already been issued, we will move to have these wells plugged if, within three weeks of the date of this letter, we do not receive a proposed plugging program.* In addition to forfeiting the bonds, Bennett Petroleum Corporation is liable under New Mexico law for any amount that the costs incurred in the plugging exceed the amount of the bonds.

If you have any questions regarding this matter, you may contact either myself or Roy Johnson at the above phone number.

Sincerely,


Jeff Taylor
General Counsel

* Please note that you must have the program approved prior to the initiation of any work, and we must witness the actual work.

BT/bok