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June 26, 1985

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State of New Mexico  
Energy & Minerals Department  
Oil Conservation Division  
P. O. Box 2088  
Santa Fe, New Mexico 87501

Attention: Mr. Roy E. Johnson  
Senior Petroleum Geologist

Re: Tucumcari FNB Well No. 1-X, P-20-8N-22E  
Guadalupe County, NM

Dear Roy:

This letter is to confirm our understanding of the Division's position concerning the status of the above-referenced well, and your planned future action with regard to this well. By letter received in your office on January 8, 1985, Mr. O. H. Berry requested a one year temporary abandoned status on this well. On January 10, 1985 you responded stating that the Form C-103 requesting a one year temporary abandoned status had been approved, and that a further extension of this status would require an examiner's hearing pursuant to Rule 202B(1).

Based upon the above, it is our understanding that the period of this temporary abandonment permit will be limited to one year, and thus will expire on January 10, 1986. At that time, the operators of this well will be required to either plug and abandon the well or provide evidence at a hearing that the well should not be plugged and abandoned. In the event such a hearing is held, we request that we be given notice and an opportunity to participate pursuant to the provisions of Rules 1201, 1203, 1204 and 1212 of the Rules and Regulations of the New Mexico Oil Conservation Division and N.M. Stat. Ann. §70-2-7 and §70-2-23.

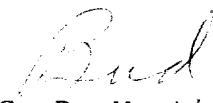
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While we are aware that Rule 202(B) allows the division director to waive the notice and hearing requirement in certain circumstances, it is our understanding that such a hearing will be held with regard to this well at the expiration of the one year period. This would appear appropriate because the applicable provision allowing waiver refers to "a remote and unconnected commercial gas well [or] a presently non-commercial gas well which may reasonably be expected to be commercial within the foreseeable future." Because this provision requires a reasonable expectation of commercial production, it would seem that a hearing would be necessary to establish this potential.

Please advise me if my understanding of your planned actions is not correct, and feel free to contact me if you have any questions.

Very truly yours,

  
C. D. Martin

CDM/jef

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