



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Reese Fullerton

Deputy Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

May 17, 2007

PNM Gas Resources

Joel Levine

414 Silver Avenue SW

Albuquerque, NM 87158

RE: San Ysidro #1, M-20-15N-01E43-05013 San Ysidro #2, F-20-15N-01E43-20117
San Ysidro #3, C-29-15N-01E43-20118 San Ysidro #4, K-20-15N-01E43-20119
San Ysidro #5, N-20-15N-01E43-20126 San Ysidro #6, C-20-15N-01E43-20137
San Ysidro #7, N-20-15N-01E43-20130 San Ysidro #8, N-20-15N-01E43-60034
San Ysidro #14, P-19-15N-01E43-20162 San Ysidro #17, A-18-15N-01E43-20173

Dear Mr. Levine,

As per our conversation on May 4, 2007, The New Mexico Oil Conservation Division Rule 704 [19.15.9.704 NMAC] requires PNM Gas Resources to perform a mechanical integrity test on the above referenced wells once every five years. Our records indicate that the last test performed on the wells was in May of 1998. Therefore the Aztec District Office of the Oil Conservation Division requires that the above referenced wells be tested or properly plugged and abandoned by no later than September 1, 2007.

The mechanical integrity of the casing-tubing annulus is to be tested by submitting the casing tubing annulus to a pressure of 500 psi for 30 minutes with no more than ten percent gain or loss of pressure.

This pressure is recorded on a chart recorder with a maximum 1000lb spring and a maximum 2 hour clock.

Please provide us a minimum 48 hour notice so that we may be present to witness testing or plugging operations. PNM Gas Resources will provide the equipment and the personnel to complete the testing or plugging operations.

If you have any questions please feel free to contact this office at (505) 334-6178.

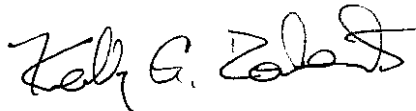
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Thank you,

A handwritten signature in black ink, appearing to read "Kelly G. Roberts". The signature is fluid and cursive, with the first name "Kelly" being more prominent.

Kelly G. Roberts

Deputy Oil and Gas Inspector

Cc: Well File
Bureau of Land Management

Ec: Gail Macquesten OCD, Assistant General Counsel
Daniel Sanchez, OCD Compliance Manager