

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

CASE NO. 13337: APPLICATION OF THE NEW MEXICO OIL CONSERVATION DIVISION, THROUGH THE SUPERVISOR OF DISTRICT I, FOR AN ORDER REQUIRING CARBON ENERGY INC. AND CARBON ENERGY TO BRING WELLS INTO COMPLIANCE WITH 19.15.4.201 NMAC, AUTHORIZING THE DIVISION TO PLUG SAID WELLS AND ORDERING A FORFEITURE OF THE APPLICABLE FINANCIAL ASSURANCES; LEA COUNTY, NEW MEXICO.

CERTIFICATE OF NOTICE

In accordance with Division Rule 1207 (19.15.14.1207 NMAC) I hereby certify that notice of September 2, 2004 hearing in the above-captioned case, with a copy of the amended application, was mailed to the following by certified mail, return receipt requested, at least 20 days prior to the hearing date:

Carbon Energy
Carbon Energy Inc.
P.O. Box 1737
Hobbs, NM 88240

Carbon Energy Inc.
520 N. Shipp
Hobbs, NM 88240

Carbon Energy, Inc.
P.O. Box 129
Hobbs, NM 88240

Carbon Energy
C/o Oil Reports & Gas Services, Inc.
Box 755
Hobbs, NM 88241

Carbon Energy
518 Abo
Hobbs, N.M. 88240

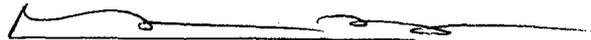
Hartford Accident & Indemnity
Hartford Plaza
Hartford, CT 06115

First Interstate Bank of Lea County
P.O. Box 400
Hobbs, NM 88240

Copies of the notice with proof of service or returned envelopes are attached to this certificate.


Gail MacQuēsten

SUBSCRIBED AND SWORN to before me this 27th day of August, 2004.


Notary Public

My Commission Expires:

4/2/07

**Before the OCD
Case 13337
OCD Ex. 1**



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor
Joanna Prukop
Cabinet Secretary

Mark E. Fesmire, P.E.
Director
Oil Conservation Division

August 11, 2004

Carbon Energy
Carbon Energy Inc.
P.O. Box 1737
Hobbs, NM 88240
Certified Mail No. _____

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Carbon Energy, Inc.
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Hartford Accident & Indemnity
Hartford Plaza
Hartford, CT 06115
Certified Mail No. _____

Cert

First Interstate Bank of Lea County
P.O. Box 400
Hobbs, NM 88240
Certified Mail No. _____

CASE 13337: APPLICATION OF THE NEW MEXICO OIL CONSERVATION DIVISION, THROUGH THE SUPERVISOR OF DISTRICT I, FOR AN ORDER REQUIRING CARBON ENERGY INC. AND CARBON ENERGY TO BRING WELLS INTO COMPLIANCE WITH 19.15.4.201 NMAC, AUTHORIZING THE DIVISION TO PLUG SAID WELLS AND ORDERING A FORFEITURE OF THE APPLICABLE FINANCIAL ASSURANCES; LEA COUNTY, NEW MEXICO.

Ladies and Gentlemen:

You are hereby notified that the New Mexico Oil Conservation Division has filed the above-captioned Application seeking an order requiring you to bring the Shell State #1 well, API #30-025-26637, and the Aztec 28 State #3 well, API 30-025-04361 into compliance with Division rules by plugging and abandoning the wells, securing temporary abandonment status for the wells, or returning the wells to a Division-approved beneficial use. A copy of the Application is enclosed.

A hearing on this application will take place before a Division hearing officer on Thursday, September 2, 2004, at 8:15 a.m., in Porter Hall, First Floor, 1220 South St. Francis Drive in Santa Fe, New Mexico. At that hearing you will have an opportunity to show cause why an order should not be entered as requested in the Application. If you intend to present evidence at the hearing, you should file a pre-hearing statement at least four days in advance of the hearing, as required by 19.15.14.1208.B NMAC.

"Carbon Energy Inc." posted a \$5,000 single well plugging bond, number 4397590, through the Hartford Accident & Indemnity Company, to secure its obligation to plug and abandon the Aztec "28" State #3 well, API #30-025-04361, in compliance with Division rules. That security will be forfeited if an order is entered as requested in the attached application and that well is not brought into compliance with Division rules by the date set by the order.

"Carbon Energy" posted a \$10,000 single well cash bond with cash collateral deposited with the First Interstate Bank of Lea County, in account number 65447, to secure its obligation to plug and abandon the Shell State #1 well, API #30-025-26637, in compliance with Division rules. That security will be forfeited if an order is entered as requested in the attached application and that well is not brought into compliance with Division rules by the date set by the order.

Inquiries concerning this application may be directed to the undersigned in the Santa Fe office of the Division at (505) 476-3451.

Very truly yours,



Gail MacQuesten
Assistant General Counsel

cc: Chris Williams, District I Supervisor
Billy Prichard, District I

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:
Carbon Energy
518 Abo
Hobbs, NM 88240

RECEIVED
 AUG 13 2004
 OIL CONSERVATION
 DIVISION

COMPLETE THIS SECTION ON DELIVERY

A. Signature Agent
 Addressee

B. Received by (Printed Name) **K.K. Katson** C. Date of Delivery **8-14-04**

D. Is delivery address different from item 1? Yes
 If YES, enter delivery address below: No

3. Service Type
 Certified Mail Express Mail
 Registered Return Receipt for Merchandise
 Insured Mail C.O.D.

4. Restricted Delivery? (Extra Fee) Yes

2. Article Number
 (Transfer from service label) **7099 3220 0009 7873 1605**

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:
Carbon Energy Inc.
520 N. Shipp
Hobbs, NM 88240

RECEIVED
 AUG 18 2004
 OIL CONSERVATION
 DIVISION

COMPLETE THIS SECTION ON DELIVERY

A. Signature Agent
 Addressee

B. Received by (Printed Name) **Sweeney Gates** C. Date of Delivery **8/16/04**

D. Is delivery address different from item 1? Yes
 If YES, enter delivery address below: No

3. Service Type
 Certified Mail Express Mail
 Registered Return Receipt for Merchandise
 Insured Mail C.O.D.

4. Restricted Delivery? (Extra Fee) Yes

2. Article Number
 (Transfer from service label) **7099 3220 0009 7873 1636**

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

First Interstate Bank of Lea Co.
P. O. Box 400
Hobbs, NM 88240

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X *Yesenia Garcia* Agent Addressee

B. Received by (Printed Name)

Yesenia Garcia Agent Addressee

C. Date of Delivery

8/17/04

D. Is delivery address different from item 1? Yes
If YES, enter delivery address below: No

3. Service Type

- Certified Mail Express Mail
- Registered Return Receipt for Merchandise
- Insured Mail C.O.D.

4. Restricted Delivery? (Extra Fee) Yes

2. Article Number

(Transfer from service label) 7099 3220 0009 7873 1599

PS Form 3811, August 2001

Domestic Return Receipt

020

102595-02-M-1540

FD 13337

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Hartford Accident & Indemnity
Hartford Plaza
Hartford, CT 06115

RECEIVED

AUG 23 2004

OIL CONSERVATION
DIVISION

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X *Dale K. Goldstein* Agent Addressee

B. Received by (Printed Name)

Dale K. Goldstein Agent Addressee

C. Date of Delivery

AUG 17 2004

D. Is delivery address different from item 1? Yes
If YES, enter delivery address below: No

3. Service Type

- Certified Mail Express Mail
- Registered Return Receipt for Merchandise
- Insured Mail C.O.D.

4. Restricted Delivery? (Extra Fee) Yes

2. Article Number

(Transfer from service label) 7099 3220 0009 7873 1612

PS Form 3811, August 2001

Domestic Return Receipt

020

102595-02-M-1540

FD 13337

State of New Mexico
ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

1220 South Saint Francis Drive
P.O. Box 6429
Santa Fe, New Mexico 87505-5472

Name _____
First Notice _____
Second Notice _____
Return _____

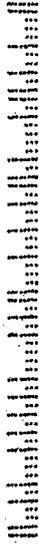
REASON CHECKED
enclosed Refused
addressee unknown
insufficient Address
no such street number
no such office in state
not in mail in this country

Carbon Energy
Carbon Energy Inc.
P.O. Box 1737

CERTIFIED MAIL



151 8/14/04



7099 3220 0009 7873 1650

ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

1220 South Saint Francis Drive
P.O. Box 6429

Santa Fe, New Mexico 87505-5472

Name _____

First Notice AUG 19 2004

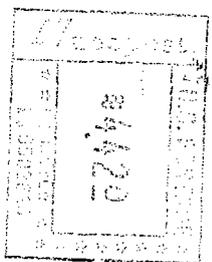
Second Notice _____

Return _____

CERTIFIED MAIL

**NOT DELIVERABLE
ADDRESSED UNABLE
TO FORWARD**

Carbon Energy
C/o Oil Reports & Gas Services, Inc.
Box 755



7099 3220 0009 7873 1629

State of New Mexico
ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

1220 South Saint Francis Drive

P.O. Box 6429

Santa Fe, New Mexico 87505-5472

Name _____

First Notice AUG 19 2004

Second Notice _____

Return _____

CERTIFIED MAIL

NO SUCH ADDRESS

Carbon Energy
P.O. Box 129



7099 3220 0009 7873 1643

Wells Operated By CARBON ENERGY INC , 3693

May 21, 2004

Property	Well Name	Lease Type	ULSTR	OCD Unit	API	Well Type	Pool ID	Pool Name	Last Prod/Inj	Oil POD	Gas POD
2439	AZTEC 28 STATE #003	S	M-28-20S-36E	M	30-025-04361	O	22800	EUMONT;YATES-7 RVR-S-QUEEN (OIL)	06/82	654910	654930
2440	SHELL STATE #001	S	3-6-19S-37E	C	30-025-26637	O	22800	EUMONT;YATES-7 RVR-S-QUEEN (OIL)	05/89	655010	655030

**Before the OCD
Case 13337
OCD Ex. 3**