



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor

Joanna Prukop
Cabinet Secretary
Acting Director
Oil Conservation Division

7099 3220 0009 7873 1100

May 5, 2004

Western Commerce Bank
P.O. Box 1627
Lovington, NM 88260

VIA CERTIFIED MAIL, RETURN RECEIPT REQUESTED

Re: Case No. 13257: Application of the New Mexico Oil Conservation Division, Through the Supervisor of District I, for an Order Requiring Verde Grande Inc. to Bring One Well into Compliance with 19.15.4.201 NMAC, Assessing an Appropriate Civil Penalty in the Event of Non-Compliance, Authorizing the Division to Plug said Well and Ordering a Forfeiture of the Applicable Plugging Bond; Lea County, New Mexico

Ladies and Gentlemen:

You are hereby notified that the New Mexico Oil Conservation Division ("Division") has filed the above-captioned Application seeking an order requiring Verde Grande Inc. to bring the Aztec State #1 well, API #30-025-22342 into compliance with Division rules by plugging and abandoning the well, securing temporary abandonment status for the well, or returning the well to a Division-approved beneficial use. The Application also requests that the order grant the Division the authority to plug the well if it is not brought into compliance by a date certain. A copy of the Application is enclosed.

A hearing on this Application will take place before a Division hearing examiner on Thursday, June 10, 2004, at 8:15 a.m., in Porter Hall, First Floor, 1220 South St. Francis Drive in Santa Fe, New Mexico.

The Division is notifying Western Commerce Bank of the hearing on the Application because Mr. Clarke Coll, attorney for Mr. Caudill of Verde Grande Inc., informed the Division's attorney that Verde Grande Inc. received a discharge in bankruptcy, and that any interest it had in the Aztec State #1 well has been transferred to the Western Commerce Bank in Lovington. If Western Commerce Bank objects to the Division plugging the well, it may present its objections at the hearing.

If you have questions about the Application or the hearing process, please call me at (505) 476-3451.

Very truly yours,

Gail MacQuesten
Assistant General Counsel

cc: Clarke Coll

Case 13257
OCD Ex. 3

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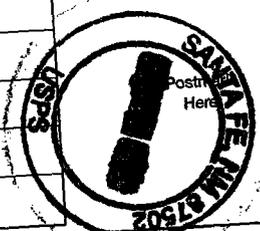
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 FO 13257

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