



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

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Director
Oil Conservation Division

December 19, 2001

KELLY H BAXTER
PO BOX 1649
AUSTIN, TX 78767

KELLY H. BAXTER
PO BOX 11193
MIDLAND, TX 79702

UNDERWRITERS INDEMNITY COMPANY
8 GREENWAY PLAZA
SUITE 400
HOUSTON, TX 77046

VIA CERTIFIED MAIL, RETURN RECEIPT REQUESTED

Re: Case No. 12792: Application of the New Mexico Oil Conservation Division for an Order Requiring Kelly H. Baxter to Properly Plug Seven (7) Wells, Imposing Civil Penalties for Failure to Comply, Authorizing the Division to Plug Said Wells and Ordering a Forfeiture of Applicable Plugging Bonds and Cash Collateral.

Ladies and Gentlemen:

You are hereby notified that the New Mexico Oil Conservation Division has filed the referenced Application, a copy of which is enclosed herewith, seeking an Order requiring Kelly H. Baxter or his sureties to properly plug and abandon seven (7) wells located in Lea County, New Mexico, specifically identified in said application.

A hearing on this Application will take place before a Division hearing officer on Thursday, January 10, 2002, at 8:15 a.m., in the Division Hearing Room, First Floor, 1220 South St. Francis Drive in Santa Fe, New Mexico. At that hearing you will have an opportunity to show cause, if any there be, why an order should not be entered as requested in the Application.

Inquiries concerning this application may be directed to the undersigned in the Santa Fe office of the Division at (505)-476-3450.

Very truly yours,

David K. Brooks
Assistant General Counsel