



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON

Governor

Jennifer A. Salisbury

Cabinet Secretary

Lori Wrotenbery

Director

Oil Conservation Division

November 15, 2001

Mr. James E. Haas
Losee, Carson, Haas & Carroll, P.A.
P.O.Box 1720
Artesia, NM 88211-1720

Re: Case No. 12771: Prairie Sun, Inc.

Dear Mr. Haas:

I received the fax copies of C-115s for the last three months for the Prairie Sun – Gulf-McKay Federal Well No. 1.

We have no record that these reports have been previously filed with OCD. Prairie Sun has been filing their production reports electronically, and this well has not been included on their electronic reports.

I assume that your client is in the process of properly filing with OCD the hard copies of the reports faxed to me. Because the Gulf-McKay Federal Well No. 1 is apparently a producing well, and apparently is in compliance with Rule 201, I did not ask the examiner to enter a compliance order on this well. However, I did ask for a civil penalty for Prairie Sun's failure to report production from this well as required. I also asked the examiner to enter a compliance order on the Morgan Federal Well No. 1, inasmuch as you admitted that well is shut-in. If the well is capable of producing, and is shut in only due to absence of a pipeline connection, as you indicated, compliance can be achieved by applying for temporary abandonment.

If you have any questions, please call me at 505-476-3450.

Very truly yours,

David K. Brooks
Assistant General Counsel

Cc: ~~Chris Williams~~
Michael E. Stogner