

NEW MEXICO OIL CONSERVATION DIVISION
2040 SOUTH PACHECO
SANTA FE, NM 87505

March 29, 1996

Certified Mail
Return Receipt Requested

H & W Enterprises
P.O. Box 437
Artesia, NM 88210

American Employers Insurance Co.
One Beacon Street
Boston, MA 02108

Case No. 11516

Application of the New Mexico Oil Conservation Division for a Show Cause Hearing requiring H & W Enterprises and other interested parties to appear and show cause why one well in Eddy County, NM should not be plugged and abandoned

Dear Sir/Madam:

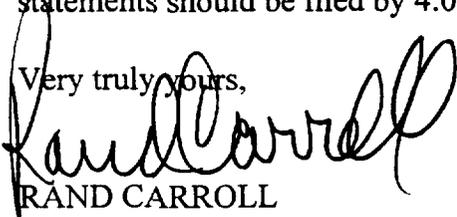
This letter is to advise you that the New Mexico Oil Conservation Division has filed the enclosed application seeking a Show Cause Hearing requiring H & W Enterprises and other interested parties to appear and show cause why the above-referenced wells should not be ordered plugged and abandoned.

This application has been set for hearing before an Examiner of the Oil Conservation Division on April 18, 1996. You are not required to attend this hearing, but as an owner of an interest that may be affected by an order issued in this case, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

BEFORE EXAMINER CATANACH OIL CONSERVATION DIVISION <u>OCD</u> EXHIBIT, NO. <u>3</u> CASE NO: <u>11516</u>
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Parties appearing in cases have been requested by the Division (Memorandum 2-90--- Enclosed) to file a Prehearing Statement substantially in the form prescribed by the Division. Prehearing statements should be filed by 4:00 o'clock p.m. on the Friday before a scheduled hearing.

Very truly yours,

A handwritten signature in black ink, appearing to read "Rand Carroll", written over the typed name.

RAND CARROLL

ATTORNEY FOR THE NEW MEXICO OIL CONSERVATION DIVISION

Enclosures

cc: Ray Smith, OCD Artesia

MAR 26 1996

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

APPLICATION OF THE NEW MEXICO OIL CONSERVATION DIVISION
THROUGH THE SUPERVISOR OF DISTRICT II FOR AN ORDER REQUIRING THE
MOBIL STATE WELL NO. 1 LOCATED IN UNIT H OF SEC. 16, T-17-S, R-31-E, EDDY
COUNTY, NEW MEXICO, OPERATED BY H&W ENTERPRISES, TO BE PROPERLY
PLUGGED, AUTHORIZING THE DIVISION TO PLUG SAID WELL, AND
ORDERING A FORFEITURE OF THE PLUGGING BOND.

CASE NO. 11516

APPLICATION FOR PLUGGING AND FORFEITURE OF BOND

1. H & W Enterprises (the "Operator") is the operator of the Mobil State Well No.1 located in Unit H of Sec. 16, T-17-S, R-31-E, Eddy County, New Mexico.
2. Operator has posted a surety bond from American Employers' Insurance Company (Bond No. AE-71343-89) in the amount of \$5,000 for said well in compliance with Section 70-2-14 NMSA 1978 and Rule 101 of the Rules and Regulations of the Oil Conservation Division, which bond is conditioned upon compliance with the statutes of the State of New Mexico and the Rules and Regulations of the Division with respect to the proper plugging and abandonment of the wells operated by Operator.
3. The subject well has not produced hydrocarbon or carbon dioxide substance or has otherwise been inactive for more than one year or is no longer usable for beneficial purposes and no permit for temporary abandonment has been requested by the Operator and approved by the Division.
4. By virtue of the failure to use the well for beneficial purposes or to have an approved

current temporary abandonment permit, the subject well is presumed to have been abandoned and is required to be plugged.

5. By authority of Section 70-2-14 NMSA 1978, the Rules and Regulations of the Division require wells which are inactive for more than one year or are no longer usable for beneficial purposes to be properly plugged.

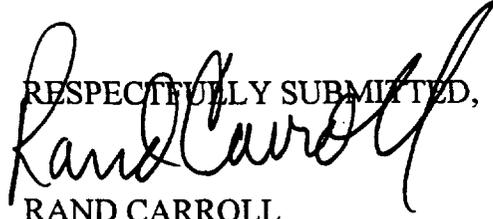
6. Demand has been made or attempted to be made upon the Operator to either place the subject well to beneficial use, obtain approval for temporary abandonment or properly plug and abandon the same and the Operator has failed to do so.

WHEREFORE, the Supervisor of District II of the Oil Conservation Division applies to the Director to enter an order:

- A. Determining whether or not the Mobil State Well No. 1 should be plugged in accordance with a Division-approved plugging program.
- B. Upon a determination that said well should be plugged, directing Operator to plug said well.
- C. Further ordering that if Operator fails to plug and abandon said well as ordered by the Director, that the Division be authorized:
 - i. to plug said well;
 - ii. to declare forfeit on said bond and to take such action to foreclose on said bond, and
 - iii. to recover from the Operator any costs of plugging said well in excess of the amount of the bond, if any.

D. For such other and further relief as the Division seems just and proper.

RESPECTFULLY SUBMITTED,

A handwritten signature in black ink, appearing to read "Rand Carroll". The signature is written in a cursive style with a large, sweeping initial "R".

RAND CARROLL

Legal Counsel

New Mexico Oil Conservation Division

2040 South Pacheco

Santa Fe, NM 87505

(505) 827-8156

Case 11516 P 326 937 126

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PS Form 3800, April 1995

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City, State & ZIP Code ARTESIA, NM 88210	
Postage	\$
Certified Fee	
Special Delivery Fee	
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Handwritten signature

H & W Enterprises
P. O. Box 437
Artesia, NM 88210

Is your RETURN ADDRESS completed on the reverse side?

PS Form 3811, December 1994

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- Complete items 1 and/or 2 for additional services.
- Complete items 3, 4a, and 4b.
- Print your name and address on the reverse of this form so that we can return the card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write 'Return Receipt Requested' on the mailpieces below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

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ONE BRACON STREET
BOSTON, MA 02108**

4a. Article Number
P 326 937 127

4b. Service Type
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 Express Mail

7. Date of Delivery
 Return Receipt for Merchandise

5. Received By: (Print Name) *[Signature]*

6. Signature: (Addressee or Agent) *[Signature]*

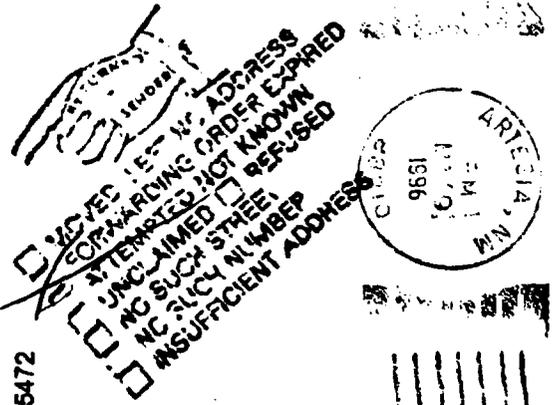
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South Pacheco
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DEPARTMENT OF NATURAL RESOURCES MINING

of New Mexico