



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

JIM PIERCE

#859 PETROLEUM BUILDING
ROSWELL NM 88201

January 23, 2006

LEONARD A STATE #1 - 30-015-03603

Mr. Pierce:

Your letter of January 20, 2006 has been received. In your letter you request to have the NMOCD consider an alternative method and/or approach to ensure that the well is properly plugged.

My original letter of November 11, 2005 requested you to provide a proposal to plug the well in accordance with Rule 202.B of the Rules and Regulations of the Oil Conservation Division which provides that **"before any well is abandoned, it shall be plugged in a manner which will permanently confine all oil, gas and water in the separate strata in which they are originally found."** This letter also stipulated that the proposal was to include a method to determine the status of all plugs and to ensure the integrity of all plugs currently in place and a method to stop the flow of fluids from the well including flow of fluids to the surface and fluids between formations.

The only proposal received was a verbal notification from you that you intended to arrange equipment to re-plug this well and begin work prior to the deadline of January 15, 2006. This work has not started, as reported by you, because you are unable to schedule equipment until April 2006 due to the current high operating tempo of the oil field.

If you desire to submit an alternative proposal that shows the well is plugged in accordance with Rule 202.B you may do so and the NMOCD will evaluate the proposal. However, if your proposal is that there is no need for further action and that the leakage was "what was trapped between the surface and intermediate plugs" then please provide a detailed analysis of how this conclusion was verified.

This matter must be resolved as soon as possible. If an acceptable proposal is not received by February 13, 2006, then this matter will be referred for legal action. This proposal must provide a method that will seal off any flow from this well, including between strata and to the surface, or show with reasonable certainty that the flow has been sealed off as required by Rule 202.B.

Artesia OCD District Office