

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

David Martin
Cabinet Secretary-Designate

Brett F. Woods, Ph.D.
Deputy Cabinet Secretary

Jami Bailey
Division Director
Oil Conservation Division



HOBBS OCD

JUN 25 2013

June 25, 2013

RECEIVED

KC Resources Inc
ATT: James Spillane
P O Box 6749
Snowmass Village, CO 81615

RE: Lea YH State #1, Unit O, Sec. 25, T-18s, R-34e, API # 30-025-26104
Lea YH State #3, Unit J, Sec. 25, T-18s, R-34e, API # 30-025-26562

Sir:

The forms C-103 intent to perform remedial work on these two wells, has insufficient information as to what your plans are. So at this time these forms will not be approved.

Oil Conservation Division of New Mexico needs to know:

1. How you plan to enter these wells?
2. What you plan to do after you enter each well?
3. How and with what you plan to treat each well?
4. How you plan to put these wells on production?
5. And when do you plan to start the work?

Also needed is two wellbore schematic of the well:

1. As it is before the work is done
2. And what you hope it will be after the work is done.

With any intent to do work on wells in New Mexico, the form C-144CLEZ with attachments per box 4 is required to get the C-103 approved.

As these wells have been shut-in for some time, this work needs to be scheduled as soon as possible. Please resubmit these forms with all attachments to the Oil Conservation Division 1625 N. French Dr., Hobbs, NM 88240.

If you have questions on tis matter, you may call EL Gonzales (575) 393-6161 ex 102 or Donna Mull (575) 393-6161 ex 115.

Yours truly,

OIL CONSERVATION DIVISION

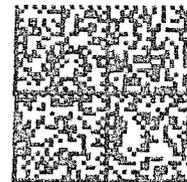

EL Gonzales
Supervisor, District I

CC: Daniel Sanchez, OCD Santa Fe
Gabrielle Gerholt, OCD Santa Fe
Scott Dawson, OCD Santa Fe

JUN 25 2013

EMNRD
OIL CONSERVATION DIVISION
1625 N FRENCH DRIVE
HOBBS NM 88240

KC RESOURCES INC.
ATT: JAMES SPILLANE
PO BOX 6749
SNOWMASS VILLAGE, CO 81615



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