



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor

Joanna Prukop
Cabinet Secretary
Acting Director
Oil Conservation Division

March 25, 2004

P & W Resources, LLC
PO Box 1479
Carlsbad, New Mexico, 88220

Re: Kaiser State Well No. 9
API No. 30-025-02538
1980 FSL, 1980 FWL, Unit F, Section 13
Township 21 South, Range 34 East, NMPM
Lea County, New Mexico

Dear Sir or Madam:

Records of the New Mexico Oil Conservation Division ("Division") indicate that you are operating the above referenced well as a saltwater disposal well without a permit. Please apply to this office for a valid permit by May 1, 2004. Division records show the status of this former injection well has changed, since the well has been inactive for several years prior to your injection commencing in May 2003.

Division rule 705C(1) NMAC:

Whenever there is a continuous one year period of non-injection into any injection project, storage project, saltwater disposal well, or special purpose injection well, such project or well shall be considered abandoned, and the authority for injection shall automatically terminate *ipso facto*.

The New Mexico Oil Conservation Commission, David F. Cargo, Chairman, granted Wilson Oil Company permission to convert this well to salt water disposal under Division Order No. R-3657, issued in Case No. 4015 on January 13, 1969. The well was initially used for saltwater disposal, then inactive for "a number of years" in the late 1970's and early 1980's, resulting in termination of the permit to inject.

To obtain the necessary injection permit for this well, please review the Division's rules on injection wells, 19.15.9.701 through 708 NMAC, and follow form C-108, available on <http://www.emnrd.state.nm.us/ocd/> under "rulebook" and "forms" respectively.

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Failure to comply with this request will result in a Division order to cease injection. If you should have any questions regarding this notice, please contact your attorney or William V. Jones at (505) 476-3448.

Sincerely,

A handwritten signature in black ink, appearing to read "Will Jones", with a long horizontal flourish extending to the right.

William V. Jones
Engineer

Copies: Hobbs District Office - Mr. Chris Williams
File: Case 4015, UIC Compliance File
STATE LAND OFFICE