



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor

Joanna Prukop
Cabinet Secretary
Acting Director
Oil Conservation Division

May 21, 2004

Hal J. Rasmussen Operating, Inc.
550 W. Texas Av, Suite 200
Midland, TX 79701

Re: Case No. 12758-A
Orders No. R-11712-B and R-11712-C

Ladies and Gentlemen:

Enclosed please find copies of Orders No. R-11712-B, issued by the Division on April 21, 2004, and R-11712-C, issued on May 20, 2004.

Order No. R-11712-B directs you to bring your twenty-eight wells that are the subject of the order into compliance with OCD Rules by (1) plugging them, (2) securing OCD approval for temporary abandonment, or (3) restoring such wells to production, within 12 months from the date of that order. It also requires you to pay a civil penalty to the OCD in the amount of \$28,000, payment of which is due 30 days after the date of the order. Your attention is called to pages 10-16 and 29-32 of the Order.

Order No. R-11712-C extends the above deadlines so that the time for compliance runs from the entry of the latter order on May 20, 2004. Accordingly, you have until May 20, 2005 to bring your wells into compliance, and until June 21, 2004 to pay the \$28,000 penalty.

If you want to challenge these orders, you may file appeal for *de novo* review by the three-member Oil Conservation Commission. Such appeal must be filed no later than Monday, June 21, 2004.

Should you have questions, please feel free to call the undersigned at (505)-476-3450.

Very truly yours,

David K. Brooks
Assistant General Counsel