



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON

Governor
Betty Rivera
Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

March 14, 2002

Mr. Michael H. Felderwert
Holland & Hart LLP
Box 2208
Santa Fe, NM 87504-2208

Re: Case No. 12811
Jalapeno Corporation
Louise Yates State Well No. 1

Dear Mike:

This will confirm our telephone conversation regarding the referenced well.

I advised you of the position of our District office to the effect that the terms of Administrative Order SWD-830 would have to be fully complied with, and the well placed in condition for the commencement of injection, prior to March 22 to be regarded in compliance for purposes of the relief sought by the Division in the captioned application. Otherwise, the well would have to be approved for temporary abandonment, which would require a preliminary test of casing integrity.

You are, of course, free to seek a dispensation from this requirement through the hearing process at the hearing next Friday.

Should you have any questions, please call me at (505)-476-3450.

Very truly yours,

David K. Brooks
Assistant General Counsel

cc: Tim Gum, OCD Artesia