



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

November 16, 2005

Spence Energy Company
4925 Greenville
Suite 220
Dallas, TX 75206

Underwriters Indemnity Company
8 Greenway Plaza
Suite 400
Houston, TX 77046

VIA CERTIFIED MAIL, RETURN RECEIPT REQUESTED

Re: Case No. 13523: Application of the New Mexico Oil Conservation Division for an Order Requiring Spence Energy Company to Properly Plug One Well, Authorizing the Division to Plug Said Wells and Ordering a Forfeiture of Applicable Plugging Bond; Lea County, New Mexico

Ladies and Gentlemen:

You are hereby notified that the New Mexico Oil Conservation Division has filed the referenced Application, a copy of which is enclosed herewith, seeking an Order requiring you to properly plug and abandon one well located in Lea County, New Mexico, specifically identified in said application.

A hearing on this application will take place before a Division hearing officer on Thursday, December 15, 2005, at 8:15 a.m., in Porter Hall, First Floor, 1220 South St. Francis Drive in Santa Fe, New Mexico. At that hearing you will have an opportunity to show cause why an order should not be entered as requested in the Application.

You posted a surety bond, in the amount of \$50,000, No. BO2741 issued by Underwriters Indemnity Company. That security will be forfeited if an order is entered as requested in the attached application and you fail to comply therewith.

Inquiries concerning this application may be directed to the undersigned in the Santa Fe office of the Division at (505)-476-3450.

Very truly yours,

David K. Brooks
Assistant General Counsel