



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

May 18, 2006

Stevens Operating Corporation
c/o Donald G. Stevens
United Bank Plaza, Suite 1250
Roswell, NM 88201

American Employers Insurance Company
One Beacon Street
Boston, MA 02108

VIA CERTIFIED MAIL, RETURN RECEIPT REQUESTED

Re: Case No. 13675: Application of the New Mexico Oil Conservation Division for an Order Requiring Stevens Operating Corporation to Plug Two Wells and Ordering Forfeiture of Applicable Financial Assurance in Event of Operator's Non-Compliance; Chaves County, New Mexico

Ladies and Gentlemen:

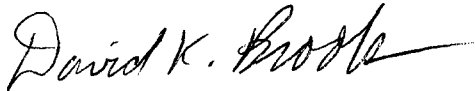
You are hereby notified that the New Mexico Oil Conservation Division has filed the referenced Application (copy enclosed), seeking an order requiring you to properly plug and abandon seven wells in Chaves County, New Mexico, identified in said application.

A hearing on this application will take place before a Division hearing examiner on Thursday, June 8, 2006, 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. If you intend to present evidence in opposition to this application, you must file a pre-hearing statement, as described in Division Rule 1211.B with Division Clerk, Florene Davidson, at Oil Conservation Division, 1220 South St. Francis Drive, Santa Fe, New Mexico 87505, before 5:00 P.M., Mountain Time on Thursday, June 1, 2006.

You posted a surety bond, in the amount of \$50,000, No.AR71396-61 issued by American Employers' Insurance Company. That security will be forfeited if an order is entered as requested in the enclosed 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,

A handwritten signature in cursive script, reading "David K. Brooks". The signature is fluid and includes a long horizontal flourish at the end.

David K. Brooks
Assistant General Counsel

cc: Tim Gum, District Supervisor