



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

July 26, 2006

The Edmar Company, LLC
400 W. Illinois Ave. Suite 1610
Midland, TX 79701

Re: Case No. 13763; Application of The New Mexico Oil Conservation Division for an Order Requiring The Edmar Company, LLC to Furnish Financial Assurance, Lea and Eddy Counties, New Mexico

Ladies and Gentlemen:

Reference is made to our letter of March 6 advising you that The Edmar Company, LLC has no acceptable financial assurance on file to allow it to operate the wells it is operating in New Mexico.

Since you have not replied to that letter, The New Mexico Oil Conservation Division has filed the referenced application (copy attached) requesting that you be ordered to furnish such financial assurance by a date certain, and, if you fail to do so, that the wells you are operating be shut in.

The Division will hold a hearing on this application in Porter Hall, at 1220 South St. Francis Drive, in Santa Fe, New Mexico, on Thursday, August 17, 2006 at 8:15 a.m., at which time you will have the opportunity to show cause why such an order should not be issued.

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

Very truly yours,

David K. Brooks,
Assistant General Counsel