

NEW MEXICO F FRGY, MINERALS & NATURAL REJURCES DEPARTMENT

Jennifer A. Salisbury CABINET SECRETARY

May 5, 2000

KC Resources Inc PO Box 1118 Cardiff, Ca 92007

RE: New Mexico BH State NCT-1 #1 New Mexico BH State NCT-1 #4 30-025-00110 purdered oil in 200/ Thre Safet * UL D, Sec 11, T12S, R32E New Mexico BB State NCT-1 #1

 New Mexico BH State NCT-1 #1
 30-025-08007
 No pusch alum

 UL C, Sec. 11, T12S, R32E
 30-025-08008
 Iast pusch 8/24

 New Mexico BH State NCT-1 #2
 30-025-08008
 Iast pusch 8/24

 UL F, Sec 11, T12S, R32E
 30-025-00108
 Iast pusch 8/24

 New Mexico BH State NCT-1 #3
 30-025-00108
 Iast pusch 8/24

 UL E, Sec 11, T12S, R32F
 30-025-00108
 Currently production

Gentlemen:

Through routine inspection it has come to our attention that the above referenced wells have been shut in for and extended period of time. A review of our records shows that this well has not been Temporarily Abandoned. Production wells can not be shut in for longer than a year.

The following options are available regarding the future disposition of this well:

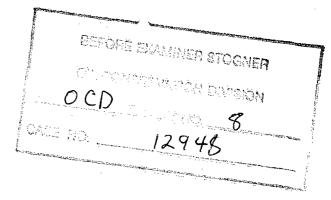
- 1. Restore the well to production.
- 2. Set plug, conduct mechanical integrity test, and request temporary abandoned status.
- 3. Submit a proposal to plug and abandon the wells, proceed with plugging on a timely basis after the proposal has been evaluated, amended and or approved

To avoid further action on these wells the NMOCD request that you submit a NMOCD form C-103 detailing us your intent for each of your wells within 30 days of reciept of this letter. NMOCD forms are available of the internet www.emnrd.state.nm.us .. If you do not respond we will have no choice but to schedule a Show Cause Hearing. We request that you notify this office 24 hours prior to any operation in order to witness the operation, whether it is repair or plugging and pressure test upon completion of repairs or to request TXA status.

Very truly yours OIL CONSERVATION DIVISION

Billy Prichard Deputy Inspector, District 1

Xc: Chris Williams Gary Wink Sylvia Dickey Lyn Hebert File



OIL CONSERVATION DIVISION - DISTRICT | Hobbs - 1625 N French Dr. - Hobbs, NM 88241- (505) 393-6161 FAX (505) 393 - 0720