



David *David Brooks 505-476-3480*

# NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

**GARY E. JOHNSON**  
Governor  
**Betty Rivera**  
Cabinet Secretary

**Lori Wrotenberry**  
Director  
Oil Conservation Division

September 24, 2002

✓ Skyline Energy, L.L.C.  
2301 DUBLIN CR  
PEARLAND, TX 77581

XL Specialty Insurance Co.  
2455 Corporate Drive West  
Lisle, IL 60532

**RECEIVED**

JAN 20 2003

**OIL CONSERVATION  
DIVISION**

## VIA CERTIFIED MAIL, RETURN RECEIPT REQUESTED

**Re: Case No. 12949: Application of the New Mexico Oil Conservation Division  
for an Order Requiring Slyline Energy, L.L.C. to Properly Plug One (1)  
Well, Imposing Civil Penalties for Failure to Comply, Authorizing the  
Division to Plug Said Well 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 (1) 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, October 24, 2002, at 8:15 a.m., in the Division Hearing Room, 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.

Your posted single-well surety bond in the amount of \$10,000, No.SBO040746 issued by XL Specialty Insurance Company, will be forfeited if an order is entered as requested in the attached application and you fail to comply therewith.

MAYO MARRS CASING PULLING, INC.  
P.O. Box 863  
Kermit, Tx. 79745  
915-586-3076

SKYLINE ENERGY, LLC 11-25-2002  
2301 DUBLIN CIRCLE FAX 281-481-5645  
PEARLAND, TEXAS 77581 PHO 281-481-0881  
ATTN: DONNIE JONES/CLARENCE MASSEY

RE: P&A PACKAGE

Dear Gentlemen

Mayo Marrs Casing Pulling Inc. would like to submit an offer to P & A as follows:

#2 STATE "B" AC # 1 ..... \$ 12,975.00  
(ALL SALVAGE RETAINED BY SKYLINE)

PROCEDURE:

1. MIRU - INSTALL BOP -POOH WITH TUBING
2. RIH & SET CLBP @ 8500' - DUMP 35' CEMENT
3. RIH & CIR. 9.5# MUD
4. FREEPOINT CASING @ 3950' +- STUB PLUG IF BELOW SHOE
5. SPOT 50 SXS @ 4000'-3950' & TAG
6. SPOT 40 SXS @ 2000'-1900'
7. SPOT 40 SXS @ 350'-250' & TAG
8. SPOT 10 SXS @ 30' TO SURFACE
9. CUT OFF WELLHEAD & ANCHORS -INSTALL DRY HOLE MARKER
10. LEVEL PIT & CELLAR - RIG DOWN-MOVE OUT

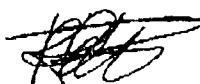
WE WOULD ALSO LIKE TO MAKE AN OFFER TO P&A FOR SALVAGE WITH  
MMCPI RETAINING ALL SALVAGE WITH CREDIT ISSUED ACCORDING TO  
WEIGHT, SIZE AND CONDITION:

5 1/2" CASING @ \$ 1.85/FT - \$ 2.55/FT      2 3/8" TUBING @ \$ .45/FT - \$ .85/FT  
WELLHEAD @ \$ 250.00-\$500.00

BID INCLUDES ONLY THE PROCEDURE AS STATED. ANY CHANGES MADE  
BY SKYLINE OR THE NMOCD WILL BE CHARGED AT CURRENT RATES.

LAND RECLAMATION IS NOT INCLUDED IN THIS BID.

SINCERELY,



RICKEY SMITH

*Spoke w/ [unclear] 10/27/02  
Clarence Massey 10/27/02  
Will handle [unclear] 10/27/02  
D.J.*

TO	Clarence	DATE	11/27/02	TIME	9:30 A.M.
FROM		PHONE	505 398 6969	FAX	
MESSAGE	370-9034	<input checked="" type="checkbox"/> TELEPHONED <input type="checkbox"/> RETURNED YOUR CALL <input checked="" type="checkbox"/> PLEASE CALL <input type="checkbox"/> WILL CALL AGAIN <input type="checkbox"/> CAME TO SEE YOU <input type="checkbox"/> WANTS TO SEE YOU			
SIGNED	Rickey Smith				
B-Adams 1154					

NOV-26-02 8:35PM;

PAGE 1/1

## PULLING, INC.

3  
745  
611-25-2002  
FAX 281-481-5645  
PHO 281-481-0881

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SINCERELY,



RICKEY SMITH

Clarence  
 Spoke w/  
 Clarence Marrs  
 10/27/02  
 Rickey Smith  
 10/27/02  
 R.J.  
 10/27/02



**20 N. Martingale Rd., Suite 200  
Schaumburg, IL 60173  
800-394-3909**

### **CONTINUATION CERTIFICATE**

Bond Number: **SB0040746**

IN CONSIDERATION OF payment of premium, XL SPECIALTY INSURANCE COMPANY, hereby continues in force the above-referenced bond, further described as follows:

**Bond Amount: \$10,000.00**

***PRINCIPAL:***

SKYLINE ENERGY 2301 DUBLIN CIRCLE PEARLAND TX 77581	AFFIL. WITH SKYLINE FORMING
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***OBLIGEE:***

STATE OF NEW MEXICO OIL CONSERVATION DIVISION 2040 S PACHECO SANTA FE NM 87505
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***FOR THE PERIOD:***

Beginning Date: **January 29, 2003**

Ending Date: **January 29, 2004**

Subject to all covenants and conditions as set forth and expressed in said bond heretofore issued on the  
**January 29, 2002**

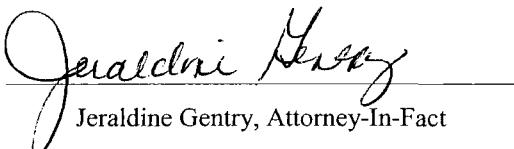
This Continuation Certificate is executed upon the express condition that the Company's liability under the said bond and this and all Continuation Certificates issued in connection therewith shall not be cumulative and shall not in any event exceed the amount of said bond as hereinbefore set forth.

SIGNED, SEALED AND DATED THIS

November 18, 2002

**XL SPECIALTY INSURANCE COMPANY**

By:

  
Jeraldine Gentry, Attorney-In-Fact

