

NEW MEXICO OIL CONSERVATION DIVISION  
2040 SOUTH PACHECO  
SANTA FE, NM 87505

March 15, 1996

**Certified Mail**  
**Return Receipt Requested**

Petroleum Development Corporation  
9720-B Candelaria NE  
Albuquerque, NM 87112

Fred Shelton, Jr.  
3501 Gillon  
Dallas, TX 75205

Fred Shelton, III  
P.O. Box 6666  
Buffalo Gap, TX 79508

Norwest Bank  
P.O. Box 1081  
Albuquerque, NM 87103-1081

BEFORE EXAMINER STOGNER	
OIL CONSERVATION DIVISION	
OCD	EXHIBIT NO. 3
CASE NO.	11507

RE: OCD Case No. 11507

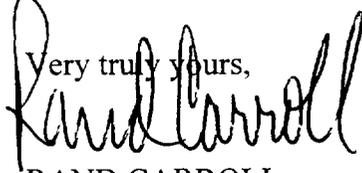
Application of the New Mexico Oil Conservation Division for a Show Cause Hearing requiring Petroleum Development Corporation and other interested parties to appear and show cause why four wells in Rio Arriba County, NM should not be plugged and abandoned

Dear Sir/Madam:

This letter is to advise you that the New Mexico Oil Conservation Division has filed the enclosed application seeking a Show Cause Hearing requiring Petroleum Development Corporation and other interested parties to appear and show cause why the above-referenced wells should not be ordered plugged and abandoned.

This application has been set for hearing before an Examiner of the Oil Conservation Division on April 4, 1996. You are not required to attend this hearing, but as an owner of an interest that may be affected by an order issued in this case, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Parties appearing in cases have been requested by the Division (Memorandum 2-90--- Enclosed) to file a Prehearing Statement substantially in the form prescribed by the Division. Prehearing statements should be filed by 4:00 o'clock p.m. on the Friday before a scheduled hearing.

Very truly yours,  


RAND CARROLL  
ATTORNEY FOR THE NEW MEXICO OIL CONSERVATION DIVISION  
Enclosures

cc: Johnny Robinson, OCD Aztec

**STATE OF NEW MEXICO ENERGY,  
MINERALS AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION DIVISION**

**APPLICATION OF THE NEW MEXICO OIL CONSERVATION DIVISION  
THROUGH THE SUPERVISOR OF DISTRICT III FOR AN ORDER REQUIRING THE  
EL POSO RANCH WELLS NOS. 5, 6, 8 AND 11 LOCATED RESPECTIVELY IN  
UNITS K OF SEC. 11, L OF SEC. 23, N OF SEC. 14 AND K OF SEC. 14, ALL IN  
TOWNSHIP 28 NORTH, RANGE 1 EAST, RIO ARRIBA COUNTY, NEW MEXICO, TO  
BE PROPERLY PLUGGED, AUTHORIZING THE DIVISION TO PLUG SAID WELLS,  
AND ORDERING A FORFEITURE OF THE PLUGGING BOND, IF ANY.**

CASE NO. \_\_\_\_\_

**APPLICATION FOR PLUGGING AND FORFEITURE OF BOND**

1. Petroleum Development Corporation (the "Operator") is the operator of the El Poso Ranch Wells Nos. 5, 6, 8, and 11 located respectively in Units K of Sec. 11, L of Sec. 23, N of Sec. 14 and K of Sec. 14, all in Township 28 North, Range 1 East, Rio Arriba County, New Mexico.

2. Operator has posted a cash bond in the amount of \$50,000 with United New Mexico Bank, Albuquerque, New Mexico, (Bond No. OCD-431 and Account No. 40000-86555) for said well in compliance with Section 70-2-14 NMSA 1978 and Rule 101 of the Rules and Regulations of the Oil Conservation Division, which bond is conditioned upon compliance with the statutes of the State of New Mexico and the Rules and Regulations of the Division with respect to the proper plugging and abandonment of the wells operated by Operator.

3. The subject wells have not produced hydrocarbon or carbon dioxide substance or have otherwise been inactive for more than one year or are no longer usable for beneficial purposes and no permit for temporary abandonment has been requested by the Operator and approved by

the Division.

4. By virtue of the failure to use the wells for beneficial purposes or to have an approved current temporary abandonment permit, the subject wells are presumed to have been abandoned and are required to be plugged.

5. By authority of Section 70-2-14 NMSA 1978, the Rules and Regulations of the Division require wells which are inactive for more than one year or are no longer usable for beneficial purposes to be properly plugged.

6. Demand has been attempted to be made upon the Operator to either place the subject wells to beneficial use, obtain approval for temporary abandonment or properly plug and abandon the same and the Operator has failed to do so.

WHEREFORE, the Supervisor of District III of the Oil Conservation Division applies to the Director to enter an order:

A. Determining whether or not the El Poso Ranch Wells Nos. 5, 6, 8 and 11 should be plugged in accordance with a Division-approved plugging program.

B. Upon a determination that said wells should be plugged, directing Operator to plug said wells.

C. Further ordering that if Operator fails to plug and abandon said wells as ordered by the Director, that the Division be authorized:

i. to plug said wells;

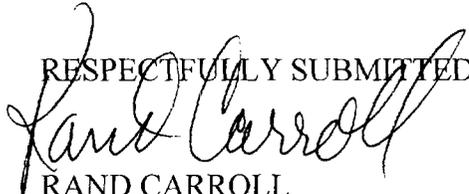
ii. to declare forfeit on said bond, if any, and to take such action to

foreclose on said bond, and

iii. to recover from the Operator any costs of plugging said well in excess  
of the amount of the bond, if any.

D. For such other and further relief as the Division seems just and proper.

RESPECTFULLY SUBMITTED,

A handwritten signature in cursive script, appearing to read "Rand Carroll".

RAND CARROLL

Legal Counsel

New Mexico Oil Conservation Division

2040 South Pacheco

Santa Fe, NM 87505

(505) 827-8156

P 326 937 121

US Postal Service

### Receipt for Certified Mail

No Insurance Coverage Provided.

Do not use for international Mail (See reverse)

Sent to	
<b>FRED SHELTON, III</b>	
Street & Number	
<b>PO BOX 6666</b>	
Post Office, State, & ZIP Code	
<b>BUFFALO GAP, TX 79508</b>	
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, & Addressee's Address	
<b>TOTAL Postage &amp; Fees</b>	<b>\$</b>
Postmark or Date	

PS Form 3800, April 1995

Fold at line over top of envelope to the right of the return address

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<b>FRED SHELTON, JR.</b>	
Street & Number	
<b>3501 GILLON</b>	
Post Office, State, & ZIP Code	
<b>DALLAS TX 75205</b>	
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, & Addressee's Address	
<b>TOTAL Postage &amp; Fees</b>	<b>\$</b>
Postmark or Date	

PS Form 3800, April 1995

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US Postal Service

### Receipt for Certified Mail

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Sent to	
<b>PETROLEUM DEVELOPMENT CORP</b>	
Street & Number	
<b>9720 N CANDELARIA NE</b>	
Post Office, State, & ZIP Code	
<b>ALBUQUERQUE, NM 87112</b>	
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, & Addressee's Address	
<b>TOTAL Postage &amp; Fees</b>	<b>\$</b>
Postmark or Date	

PS Form 3800, April 1995

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P 326 937 119

US Postal Service

### Receipt for Certified Mail

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Do not use for International Mail (See reverse)

Sent to	
<b>NORWEST BANK</b>	
Street & Number	
<b>PO BOX 1081</b>	
Post Office, State, & ZIP Code	
<b>ALBUQUERQUE, NM 87103-1081</b>	
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, & Addressee's Address	
<b>TOTAL Postage &amp; Fees</b>	<b>\$</b>
Postmark or Date	

PS Form 3800, April 1995

Fold at line over top of envelope to the right of the return address



First-Class Mail  
Postage & Fees Paid  
USPS  
Permit No. G-10

• Print your name, address, and ZIP-Code in this box •

**OIL CONSERVATION DIVISION**  
**2040 S. PACHECO**  
**SANTA FE, NEW MEXICO 87505**

**(RAND CARROLL)**



Is your RETURN ADDRESS completed on the reverse side?

**SENDER:**

- Complete items 1 and/or 2 for additional services.
- Complete items 3, 4a, and 4b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee):

- 1.  Addressee's Address
- 2.  Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:  
**PETROLEUM DEVELOPMENT CORP**  
**9720-B CANDELARIA NE**  
**ALBUQUERQUE, NM 87112**

4a. Article Number  
**P 326 937 120**

- 4b. Service Type
- Registered  Certified
  - Express Mail  Insured
  - Return Receipt for Merchandise  COD

7. Date of Delivery  
*3/28*

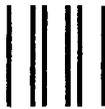
5. Received By: (Print Name)

8. Addressee's Address (Only if requested and fee is paid)

6. Signature (Addressee or Agent)

**X** *R. Hall*

Thank you for using Return Receipt Service.



First-Class Mail  
Postage & Fees Paid  
USPS  
Permit No. G-10

• Print your name, address, and ZIP Code in this box •

OIL CONSERVATION DIVISION  
2040 S. PACHECO  
SANTA FE, NEW MEXICO 87505

(RAND CARROLL)

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NORWEST BANK  
PO BOX 1081  
ALBUQUERQUE, NM 87103-1081

4a. Article Number

P 326 937 119

4b. Service Type

- |   |   |
|---|---|
| <input type="checkbox"/> Registered                     | <input checked="" type="checkbox"/> Certified |
| <input type="checkbox"/> Express Mail                   | <input type="checkbox"/> Insured              |
| <input type="checkbox"/> Return Receipt for Merchandise | <input type="checkbox"/> COD                  |

7. Date of Delivery

5. Received By: (Print Name)

8. Addressee's Address (Only if requested and fee is paid)

6. Signature (Addressee or Agent)

X *Chambers*

Thank you for using Return Receipt Service.



First-Class Mail  
Postage & Fees Paid  
USPS  
Permit No. 6-10

• Print your name, address, and ZIP Code in this box •

OIL CONSERVATION DIVISION  
2040 S. PACHECO  
SANTA FE, NEW MEXICO 87505

(RAND CARROLL)



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FRED SHELTON, JR.  
3501 GILLON  
DALLAS, TX. 75205

4a. Article Number

P 326 937 122

4b. Service Type

- |   |   |
|---|---|
| <input type="checkbox"/> Registered                     | <input checked="" type="checkbox"/> Certified |
| <input type="checkbox"/> Express Mail                   | <input type="checkbox"/> Insured              |
| <input type="checkbox"/> Return Receipt for Merchandise | <input type="checkbox"/> COD                  |

7. Date of Delivery

3-20-96

5. Received By: (Print Name)

8. Addressee's Address (Only if requested and fee is paid)

6. Signature: (Addressee or Agent)

Thank you for using Return Receipt Service.

**ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT**

OIL CONSERVATION DIVISION  
 2040 S. PACHECO  
 SANTA FE, NM 87505



REASON CHECKED  
 Unclaimed  Refused \_\_\_\_\_  
 Addressee unknown \_\_\_\_\_  
 Insufficient Address \_\_\_\_\_  
 No such street number \_\_\_\_\_  
 No such city or state \_\_\_\_\_  
 No such zip code in this envelope \_\_\_\_\_

**CERTIFIED**

P 326 937 121

**MAIL**

~~FRED SHELTON, III  
 PO BOX 6666  
 BUFFALO GAP, TX 79508~~

**CERTIFIED - RETURN  
 RECEIPT REQUESTED**

FIRST NOTICE 3-20  
 FINAL NOTICE 3-24  
 RETURN DATE 4-4

Is your RETURN ADDRESS completed on the reverse side?

**SENDER:**

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FRED SHELTON, III  
 PO BOX 6666  
 BUFFALO GAP, TX 79508

4a. Article Number

P 326 937 121

4b. Service Type

- Registered  Certified
- Express Mail  Insured
- Return Receipt for Merchandise  COD

7. Date of Delivery

5. Received By: (Print Name)

6. Signature: (Addressee or Agent)

X

8. Addressee's Address (Only if requested and fee is paid)

*Unclaimed*

Thank you for using Return Receipt Service. 1996 79508

**ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT**

OIL CONSERVATION DIVISION  
2040 S. PACHECO  
SANTA FE, NM 87505



REASON CHECKED  
Unclaimed  - Refused  
Addressed incorrectly   
Insufficient postage   
No such street or number   
No such city or state   
Other (specify in this envelope)

**CERTIFIED**

P 326 937 121

**MAIL**

~~FRED SHELTON, III  
PO BOX 6666  
BUFFALO GAP, TX 79508~~

FIRST NOTICE 3-20  
FINAL NOTICE 3-26  
RETURN DATE 4-4

CERTIFIED - RETURN  
RECEIPT REQUESTED