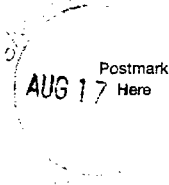


7000 0520 0021 6896 4918

U.S. Postal Service
CERTIFIED MAIL RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

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Postage	\$	
Certified Fee		
Return Receipt Fee (Endorsement Required)		
Restricted Delivery Fee (Endorsement Required)		
Total Postage & Fees	\$	

Recipient's Name <i>(Please Print Clearly) (To be completed by mailer)</i>	
Pitco Production Company	
Street, Apt. No.; or PO Box No.	
1790 One Williams Center	
City, State, ZIP+ 4	
Tulsa, OK 74172	
PS Form 3800, February 2000	
See Reverse for Instructions	

PERFORM EXAMINER CASE NO. 12720

EXHIBIT NO. 2

CASE NO. 12720

PLACE STICKER AT TOP OF ENVELOPE
TO THE RIGHT OF RETURN ADDRESS.
FOLD AT DOTTED LINE
CERTIFIED MAIL



0002 0500 0250 1200 9689 8764
0002 0500 0250 1200 9689 8764

U.S. Postal Service
CERTIFIED MAIL RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

Postage \$	
Certified Fee	
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees \$	

Postmark
Here

Recipient's Name (Please Print Clearly) (To be completed by mailer)
Pitco Production Company
Street, Apt. No.: or PO Box No. **1790 One Williams Center**
City, State, ZIP+4 **Tulsa, OK 74172**
PS Form 3800, February 2000 See Reverse for Instructions

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

**Pitco Production Company
1790 One Williams Center
Tulsa, OK 74172**

COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly)

B. Date of Delivery

C. Signature

☒ Agent

☐ Addressee

D. Is delivery address different from item 1? ☐ Yes

If YES, enter delivery address below: ☐ No

3. Service Type

☒ Certified Mail ☐ Express Mail

☐ Registered ☐ Return Receipt for Merchandise

☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes

2. Article Number (Copy from service label)

7000 0520 0021 6896 4918



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

August 15, 2001

Lori Wrotenbery
Director
Oil Conservation Division

CERTIFIED MAIL RETURN RECEIPT REQUESTED

Pitco Production Company
1790 One Williams Center
Tulsa, OK 74172

Re: Case 12720
Application of the New Mexico Oil Conservation Division for an order requiring
Pitco Production Company to properly plug one well in Sandoval County, New
Mexico

This letter is to advise you that the New Mexico Oil Conservation Division has filed the enclosed application for hearing requiring Pitco Production Company and other interested parties to appear and show cause why this well should not be ordered plugged and abandoned.

This application has been set for hearing before an Examiner of the Oil Conservation Division on **September 6, 2001**. You are not required to attend this hearing, but as owner of an interest that may be affected by an order issued by 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 are required by Division Rule 1208.B, enclosed, to file a Prehearing Statement three days in advance of the hearing.

Sincerely,

A handwritten signature in cursive script that reads "David K. Brooks".

DAVID K. BROOKS
Assistant Legal Counsel

cc: Frank Chavez, District Supervisor
Charlie Perrin, 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 PITCO PRODUCTION COMPANY TO PROPERLY PLUG ONE
WELL IN SANDOVAL COUNTY, NEW MEXICO, AUTHORIZING THE
DIVISION TO PLUG SAID WELL AND ORDERING A FORFEITURE OF
APPLICABLE PLUGGING BOND, IF ANY.**

CASE NO. 12720

APPLICATION FOR PLUGGING AND FORFEITURE OF BOND

1. Pitco Production Company ("Operator") is the operator of the following well (hereinafter the "subject well"), located in McKinley County, New Mexico:
 - (1) State 36-22-06 No. 1 (API No. 30-043-20386), located 810 feet from the South line and 800 feet from the West line (Unit M) of Section 36, Township 22, North, Range 6 West, Sandoval County, New Mexico.
2. The Division has been unable to find a record of a bond currently in force to secure the obligation of Operator to plug and abandon the subject well.
3. The subject well has not produced any hydrocarbon or carbon dioxide substance for more than one year and is no longer usable for beneficial purposes. No permit for temporary abandonment has been requested by the Operator or approved by the Division.

4. By virtue of Operator's failure to use the well for production or other beneficial purposes or to secure a current temporary abandonment permit, the well is presumed abandoned, and is required to be plugged.

5. Division Rule 201.B, issued pursuant to the authority of NMSA 1978, Secs. 70-2-12 and 70-2-14, requires that wells that are inactive for more than one year or are no longer usable for beneficial purposes be properly plugged.

6. Division Rule 101.M, issued pursuant to the same authority, authorizes the Division, after notice and hearing, to order the operator to plug and abandon any well or wells not in compliance with Rule 201, and to direct the Division to cause such well or wells to be plugged in accordance with a Division approved plugging program if, after the time provided in such order, the operator and its surety, if any, have failed to do so.

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

- A. Determining whether the subject well should be plugged and abandoned in accordance with a Division-approved plugging program.
- B. Upon a determination that the well should be plugged, directing the Operator to plug the well without delay.
- C. Further ordering that if the Operator or its surety, if any, fails to plug and abandon the well as ordered by the Director, the Division be authorized:
 - (i) to plug the subject well in accordance with a division-approved plugging program; (ii) to declare forfeit the bond furnished by the Operator, if any, to the extent necessary to fully reimburse the Division for

its expenses incurred in accomplishing the foregoing; and (iii) to take necessary and appropriate measures to recover from the Operator any costs of plugging the subject well in excess of the amount of the bond, if any, or the full amount thereof if no bond exists.

- D. For such other and further relief as the Division deems just and proper under the circumstances.

RESPECTFULLY SUBMITTED,

A handwritten signature in cursive script, reading "David K. Brooks", is written over a horizontal line.

David K. Brooks
Assistant General Counsel
Energy, Minerals and Natural
Resources Department of the State of
New Mexico
1220 S. St. Francis Drive
Santa Fe, NM 87505
(505)-476-3450

Attorney for The New Mexico Oil
Conservation Division

(10) This paragraph has been moved and renumbered to 19 NMAC 15.N.1207.A.(7). [1-1-86...2-1-96; A, 7-15-99]

(11) This paragraph has been moved and renumbered to 19 NMAC 15.N.1207.A.(8). [1-1-86...2-1-96; A, 7-15-99]

1207.B. Type and Content of Notice. Any notice required by this rule shall be sent by certified mail, return receipt requested, to the last known address of the person to whom notice is to be given at least 20 days prior to the date of hearing of the application and shall include: a copy of the application; the date, time and place of the hearing; and the means by which protests may be made. [1-1-86...2-1-96; A, 7-15-99]

1207.C. At the hearing, the applicant shall make a record, either by testimony or affidavit signed by the applicant or its authorized representative, that: (a) the notice provisions of this rule have been complied with; (b) the applicant has conducted a good-faith diligent effort to find the correct address of all persons entitled to notice; and (c) pursuant to this rule, notice has been given at that correct address as required by this rule. In addition, the record shall contain the name and address of each person to whom notice was sent and, where proof of receipt is available, a copy of the proof. [1-1-86...2-1-96; A, 7-15-99]

1207.D. Evidence of failure to provide notice as required in this rule may, upon proper showing, be considered cause for reopening the case. [1-1-86...2-1-96; A, 7-15-99]

1207.E. In the case of an administrative application where the required notice was sent and a timely filed protest was made, the Division shall notify the applicant and the protesting party in writing that the case has been set for hearing and the date of the hearing. No further notice is required. [7-15-99]

1208 PLEADINGS: COPIES [9-15-55...2-1-96; A, 7-15-99]

1208.A. For pleadings and correspondence filed in cases pending before a Division Examiner, two copies must be filed with the Division. For pleadings and correspondence filed in cases pending before the Commission, five copies must be filed with the Division. The Division will disseminate copies to the members of the Commission. The party filing the pleading or correspondence shall at the same time either hand deliver or transmit by facsimile or electronic mail to any party who has entered an appearance therein or the attorneys of record, a copy of the pleading or correspondence. An appearance of any interested party shall be made either by letter addressed to the Division or in person at any proceeding before the Commission or before a Division Examiner, with notice of such appearance to the parties of record. [9-15-55...2-1-96; A, 7-15-99]

1208.B. Parties to an adjudicatory proceeding must file a prehearing statement three days in advance of a scheduled hearing before the Division or the Commission. The statement must include: the names of the parties and their attorneys; a concise statement of the case; the names of all witnesses the party will call to testify at the hearing; the approximate time the party will need to present its case; and identification of any procedural matters that are to be resolved prior to the hearing. [7-15-99]

**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 PITCO PRODUCTION COMPANY TO PROPERLY PLUG ONE
WELL IN SANDOVAL COUNTY, NEW MEXICO, AUTHORIZING THE
DIVISION TO PLUG SAID WELL AND ORDERING A FORFEITURE OF
APPLICABLE PLUGGING BOND, IF ANY.**

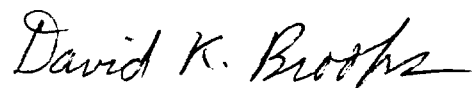
CASE NO. 12720

PERSONS TO BE NOTIFIED

The following are the persons to be notified in this matter:

Pitco Production Company
1790 One Williams Center
Tulsa, OK 74172

RESPECTFULLY SUBMITTED,



David K. Brooks
Assistant General Counsel
Energy, Minerals and Natural
Resources Department of the State of
New Mexico
1220 S. St. Francis Drive
Santa Fe, NM 87505
(505)-476-3450

Attorney for The New Mexico Oil
Conservation Division

CASE 12720 : **Application of The New Mexico Oil Conservation Division, through the Supervisor of District III, for an Order Requiring Pitco Production Company to Properly Plug One Well in Sandoval County, New Mexico, Authorizing the Division to Plug Said Well and Ordering a Forfeiture of Applicable Plugging Bond, if Any.** Applicant seeks and order directing the operator, Pitco Production Company, to plug and abandon its State 36-22-06 No. 1 Well (API No. 30-043-20386) located 810 feet from the South line and 800 feet from the West line (Unit M) of Section 36, Township 22 North, Range 6 West, Sandoval County, New Mexico, in accordance with a division approved plugging program, authorizing the Division to plug said well if the applicant and its surety, if any, fail to do so, and directing the forfeiture of operator's plugging bond, if any.