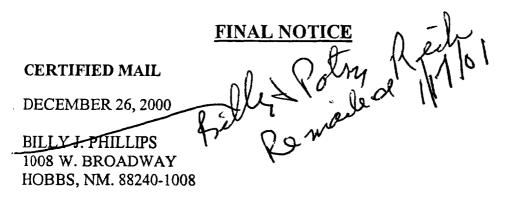


NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON Governor Jennifer A. Salisbury Cabinet Secretary Lori Wrotenbery Director Oil Conservation Division



RE: INACTIVE NON-COMPLIANCE WELLS

The Oil Conservation Division (OCD) currently is addressing all inactive non- compliance wells as a top priority statewide project. A mass mail out was made on May 11, 2000 requesting information from each operator that had inactive wells. A second mail out was made on September 8, directing each operator as part of this project to provide additional information based on how they had responded to the May 11, 2000 letter.

By copy of this letter, the OCD director is requested to schedule a "Show Cause Hearing" to allow you the opportunity to appear and to show way a shut in order, order to plug and abandon all inactive non-compliance wells and/or to call for the forfeiture of your statewide bond is not issued. If your bond is called you can no longer operate in the State of New Mexico.

The "Show Cause Hearing" will be stayed if an aggressive plan being detailed and specific as to type of work and time frame to bring all non-compliance wells into compliance is received in this office within 30 days of receipt of this letter.

Attached is the latest (11/16/00) OCD list of inactive non-compliance wells for your company.

TIM W. GUM

Sim W. Sum

DISTRICT II SUPERVISOR OIL CONSERVATION DIVISION

XC: LORI WROTENBERY ---- DIRECTOR OCD ATTORNEY ATTACHMENT

| BEFORE EXAMINER STOGNER | |
|---------------------------|----------|
| OIL CONDERNATION DIVISION | |
| OCD EXHIBIT NO. 32 | |
| CASE NO. 128/1 | <u> </u> |
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| API # | Туре | Last Production/ Injection | Well Name and Number | ULSTR | FNS | FEW |
|----------------------|------------|----------------------------------|----------------------------|---------------|-------|-------|
| 30-015-21029 | S | 10-1998 | SULPHATE SISTER #001 | F-13-25S-26E | 1980N | 1980W |
| 30-015-21913 | / O | 10-1998 | FASKEN FEDERAL #001 | I-11-25S-26E | 1980S | 660E |
| 30-015-21914 | 0 | 09-1998 | H-M FEDERAL #001 | A-14-25S-26E | 330N | 560E |
| 30-015-256 61 | 0 | 10-1998 | WHITE CITY 14 FEDERAL #002 | J-14-25S-26E | 1650S | 1650E |
| 30-015-27085 | 0 | NONE | TAYLOR FEDERAL #008 | 12-05-21S-27E | 2310S | 1650E |

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