

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

David Martin
Cabinet Secretary-Designate

Brett F. Woods, Ph.D.
Deputy Cabinet Secretary

September 4, 2013

Kaiser-Francis Oil Company
PO Box 21468
Tulsa OK 74121-1468

HOBBS OCD

SEP 05 2013

RECEIVED

Jami Bailey
Division Director
Oil Conservation Division



RESPONSE REQUIRED BY OCTOBER 9, 2013

Subject: Bell Lake Unit A #7 (30-025-08367), Bell Lake State #1 (30-25-08488),
Bell Lake Unit #18 (30-025-25302), and Bell Lake Unit #20 (30-25-34629)
Expired T/A Status

Dear Operator:

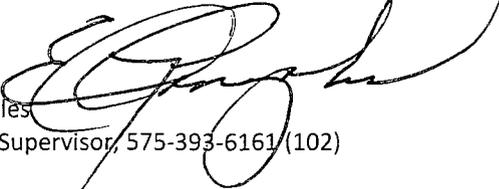
According to Oil Conversation Division (OCD) records, you are the operator of record of 4 wells with an expired T/A status. One well that has been T/A'd in excess of 26 years and the remaining wells have been T/A'd from 80 to 197 months.

OCD rules require wells that have been inactive for more than one year plus ninety days to be plugged and abandoned or returned to active status (19.15.25.8 NMAC). Due to the length of time these wells have been inactive, we will not be approving any additional request to T/A these wells. Please return these well(s) to compliance as soon as possible. If you are taking action to return the well(s) to compliance in the immediate future, please contact Daniel Sanchez, OCD Compliance & Enforcement Manager, at 505-476-3493 or Daniel.sanchez@state.nm.us. You may be able to avoid enforcement action.

If the OCD does not hear from you by October 9, 2013, the OCD will file applications for hearing to seek plugging orders for state or fee wells out of compliance with 19.15.25.8 NMAC that have been inactive for excessive periods of time. The OCD will seek an order requiring the operator to plug the well by a certain date, and authorizing the OCD to plug the well and forfeit any available financial assurance if the operator fails to comply.

If the well is not covered by a financial assurance or if the financial assurance is not sufficient to cover the OCD's plugging costs, the OCD may bring suit against the operator for indemnification. See NMSA 1978, Section 70-2-14(E).

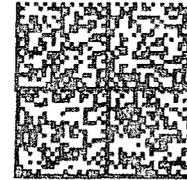
Please contact me if you have any questions concerning this issue.


EL Gonzales
District I Supervisor, 575-393-6161 (102)

CC: OCD Santa Fe

SEP 05 2013

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