



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

POST OFFICE BOX 1980
HOBBS, NEW MEXICO 88241-1980
(505) 393-6161

July 7, 1995

Bill Muller
FWK Resources Inc.
1735 WestMinster Drive
Cardiff, California 92007

Re: New Mexico BB State NCT-1 (SWD) #2-N, Sec. 11, T12S, R32E

Dear Mr. Muller:

As discussed in the conversation with Gary Wink, on March 1, 1995, and as stated in the letter dated April 4, 1995, the above referenced salt water disposal well has been inactive for an extended period of time.

In addition, an inspection of the New Mexico "BB" State Well No 1 located in Unit K of Section 11, Township 12 South, Range 32 East, confirms this well is shut in and our records show that no production has been reported for an extended period of time.

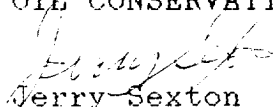
As stated in the letter dated April 4, 1995, the following options are available for both wells:

- 1> Make any repairs necessary to bring the wells into a satisfactory condition and reactivate.
- 2> Confirm casing integrity by setting a plug and testing, or test the tubing/casing annulus with the packer in place, to 500# for 30 minutes for either procedure, and request a temporary abandoned status.
- 3> Plug and abandon the well after submitting a sundry notice (Form C-103) outlining a plugging procedure to the District I Oil Conservation Division, and receiving an approval of your proposal.

To avoid a show cause hearing, we request that you exercise one of the above options within 30 days and notify this office 24 hours prior to any of these procedures in order to witness the operation.

Very truly yours

OIL CONSERVATION DIVISION


Jerry Sexton
Supervisor, District I

JS:bp

cc: Gary Wink
Rand Carroll
File