



**NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT**

**CONSERVATION DIVISION
DISTRICT I HOBBS
1625 N. French Drive, Hobbs, NM 88241
(505) 393-6161
FAX (505) 393-0720**

Jennifer A. Salisbury
CABINET SECRETARY

May 1, 2000

North Lea Joint Venture
1624 Market Street
Suite 209
Denver, Colorado 80202

**RE: North Lea Joint Venture Bond # BO2521
New Mexico Properties
Pruitt A #1
Unit letter G, Section 17, Township 9 South, Range 34 East
Betenbough #4
Unit letter J, Section 12, Township 9 South, Range 35 East
Betenbough #5
Unit letter L, Section 12, Township 9 South, Range 35 East
Betenbough #2
Unit letter M, Section 12, Township 9 South, Range 35 East
Betenbough #3
Unit letter P, Section 12, Township 9 South, Range 35 East**

Gentlemen:

Enclosed is a copy of the letter that was sent May 1, 2000 to the bonding company for the above properties.

To avoid further action on these wells the NMOCD request that you submit a NMOCD form C-103 telling us your intent for each of your wells within 30 days of receipt of this letter. If you do not respond we will have no choice but to schedule a Show Cause Hearing. We request that you notify this office 24 hours prior to any operation in order to witness the operation, either repair or plugging and pressure test upon completion of repairs or to request TXA status.

Very truly yours

OIL CONSERVATION DIVISION

Billy Prichard
Deputy Inspector, District 1

CC:

Chris Williams
Gary Wink
Sylvia Dickey
Stephen Ross



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May 1, 2000

Underwriters Indemnity Co.
8 Greenway Plaza
Suite 400
Houston, Tx 77046

Attention : Tahir Ajaz

RE: North Lea Joint Venture Bond # BO2521

New Mexico Properties

Pruitt A #1

Unit letter G, Section 17, Township 9 South, Range 34 East

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Tahir:

Per my phone conversation with Tahir Ajaz, The above company is the operator of 5 wells in District 1 area of New Mexico. Correspondence has been returned as undeliverable and phone numbers that we have called have been disconnected. The above wells and associated facilities are out of compliance with New Mexico rules and regulations. Through routine inspection it has come to our attention that the facilities for the Betenbough lease also has an unlined surface impoundment that will need a closure plan submitted to the District 1 Environmental Specialist at the above address. The following options are available regarding the future disposition of this well:

1. Restore the wells to production .
2. Set plugs, conduct mechanical integrity test, and request temporary abandoned status.
3. Submit a proposal to plug and abandon the wells, proceed with plugging on a timely basis after the proposal has been evaluated, amended and or approved

To avoid further action on these wells the NMOCD request that you submit a NMOCD form C-103 telling us your intent for each of your wells within 30 days of receipt of this letter. If you do not respond we will have no choice but to schedule a Show Cause Hearing. We request that you notify this office 24 hours prior to any operation in order to witness the operation, either repair or plugging and pressure test upon completion of repairs or to request TXA status.

Very truly yours

OIL CONSERVATION DIVISION

Billy Prichard
Deputy Inspector, District 1