



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

L CONSERVATION DIVISION
DISTRICT I HOBBS
1625 N. French Drive, Hobbs, NM 88241
(505) 393-6161
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Jennifer A. Salisbury
CABINET SECRETARY

January 5, 2000

Dwight A. Tipton
C/o Oil Reports and Gas Service
P O Box 755
Hobbs, NM 88241

RE: Coastal State # 2
Unit Letter B , Section 9, Township 9 South, Range 33 East

Gentlemen:

Per the NMOCD letter dated September 29, 1999 and through routine inspection it has come to our attention that the above referenced well has been shut in for an extended period of time. A review of our records show that this well has not been properly Temporarily Abandoned. NMOCD records show that you are the last approved operator of the above referenced well. Producing wells can not be shut in for longer than a year.

The following options are available regarding the future disposition of this well:

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

To avoid further action, we request that you exercise one of the above options no later than February 4, 2000. 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

A handwritten signature in cursive script that reads "Billy Prichard".

Billy Prichard
Deputy Inspector, District 1

BP:pc

Xc: Chris Williams
Gary Wink
Rand Carrol
File