



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

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

September 1, 1999

Paladin Energy Corp.
10290 Monroe Drive
Suite 301
Dallas, Tx 75229

Attention : Ann Westberry

RE: Lowe # 1
Unit Letter M , Section 25, Township 13 South, Range 37 East

Gentlemen:

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 showed that this well belonged to Manzano Oil Corp. Manzano has informed the NMOCD that the above well now belongs to Paladin Energy Corp. If you are the current owner we request that you submit a form C-104 showing change of ownership. Producing wells cannot be shut in for longer than one 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 and proceed with plugging on a timely basis subsequent to District 1 approval.

To avoid further action, we request that you exercise one of the above options no later than November 30, 1999.

We request that you notify this office 24 hours prior to commencement of any operation in order to witness the field operations.

Very truly yours
OIL CONSERVATION DIVISION

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

Billy Prichard
Deputy Inspector, District 1

cc: Chris Williams
Gary Wink
File