



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

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Jennifer A. Salisbury

Cabinet Secretary

Lori Wrotenbery

Director

Oil Conservation Division

May 23, 2000

Leigh Operating Co.

PO Box 600904

Dallas, Tx 75360

RE: Caudill State # 2

Unit Letter B, Section 26, Township 15 South, Range 36 East

API # 30-025-27637

Gentleman:

On August 24, 1999 the above reference well failed NMOCD witnessed MIT (mechanical integrity test). The deadline for repairs to the above well was November 27, 1999. Injection volumes were not reported for 1999. The well is not equipped with a well sign per NMOCD rules. Disposal wells can not be shut in for longer than 1 year. The following options are available regarding the future disposition of this well.

1. Do necessary repairs and NMOCD witnessed testing and restore the well to disposal
2. Set plug, conduct MIT and request temporary abandoned status
3. Submit a proposal to plug and abandon the well, and proceed with plugging on a timely basis after the proposal has been evaluated, amended and or approved

This letter is the first step in the documentation to schedule a Show Cause Hearing. To avoid further action on this well the NMOCD request that you submit a NMOCD form C-103 telling us your intent for this well within 30 days of receipt of this letter. After receipt of your C-103 this well will be monitored for action. 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, either repair or plugging and pressure test upon completion of repairs or to request TA status.

OIL CONSERVATION DIVISION

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NMOCD forms are available on the internet www.emnrd.state.nm.us

Cc: Chris Williams

Gary Wink

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File