



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

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Oil Conservation Division

12 June 2003

Via Certified Mail

7001 1940 0001 9971 3662

Xeric Oil & Gas
P. O. Box 352
Midland, Texas 79702

RE:	NOTICE OF VIOLATION:	NMOCD Rule 201	Inactive Well
	Eddy GF State # 1	C-16-23-27	API# 30-015-22220
RE:	NOTICE OF VIOLATION:	NMOCD Rule 103	Well Identification
	Eddy GF State # 1	C-16-23-27	API# 30-015-22220

Ladies and Gentlemen:

This letter shall serve as a Notice of Violation of the rules of the New Mexico Oil Conservation Division.

You were notified of these matters by letters dated 10-16-2002 and 5-13-2003. This certified letter is being sent in part because all of the foregoing directives have brought no response.

Rule 103 of the New Mexico Oil Conservation Division provides as follows:

103 SIGN ON WELLS

All wells and related facilities by the Division shall be identified by a sign, which sign shall remain in place until the well is plugged and abandoned and the related facilities are closed. For drilling wells, the sign shall be posted on the derrick or not more than 20 feet from the well. The sign shall be of durable construction and the lettering shall be legible and large enough to be read under normal conditions at a distance of 50 feet. The wells on each lease or property shall be numbered in non-repetitive, logical and distinctive sequence. An operator will have 90 days from the effective date of an operator name change to change the operator name on the well sign unless an extension of time, for good cause shown along with a schedule for making the changes, is granted. Each sign shall show the:

1. number of well;
2. name of property;
3. name of operator;
4. location by footage, quarter-quarter section, township and range (or Unit Letter can be substituted for the quarter-quarter section), and
5. API number.

Rule 201 of the New Mexico Oil Conservation Division provides as follows:

201 WELLS TO BE PROPERLY ABANDONED

201.A. The operator of any well drilled for oil, gas or injection; for seismic, core or other exploration, or for a service well, whether cased or uncased, shall be responsible for the plugging thereof. [7-12-90...2-1-96]

201.B. A well shall be either properly plugged and abandoned or temporarily abandoned in accordance with these rules within ninety (90) days after:

- (1) A sixty (60) day period following suspension of drilling operations, or

- (2) A determination that a well is no longer usable for beneficial purposes, or
- (3) A period of one (1) year in which a well has been continuously inactive.

Your above referenced well, Eddy GF State # 1, has remained inactive for a considerably longer time than the period of one year allowed under this Rule. In addition, your well, Eddy GF State #1, is not signed in accordance with Rule 103. Your failure to respond to OCD directives and failure to bring these wells into compliance are serious violations and merit a severe sanction, up to and including abandonment and plugging as well as civil penalties. This is the third and **final Notice of Violation**. In the event that this well is not brought into compliance **on or before July 13, 2003**, you may be summoned to a hearing in Santa Fe to **Show Cause why this well should not be plugged and civil penalties assessed.**

Respectfully yours,

Tim W. Gum

Tim Gum, District Supervisor, District II
OCD Legal