

NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

Lori Wrotenberg
Director
Oil Conservation Division

04-May-01

SAGA PETROLEUM LIMITED LIABILITY

415 S WALL

MIDLAND, TX 79701-

STE 835

Dear Sirs:

A review of our records and recent inspection(s) indicate that the subject well(s) has been shut-in for an extended period of time. Division Order R-9210 states that an operator cannot leave a well shut-in longer than one year. To comply with guidelines as established in the Division Rules and Regulations, corrective actions must be taken immediately and the situation brought into compliance. The following options are available for the future of the well(s). The detail section below indicates preliminary findings and/or probable nature of the violation. This is a subjective determination based on one or more factors of the results of the inspection.

1. Restore the well(s) to production, injection or disposal as applicable.
2. Request 'Temporary Abandoned' status; set a plug and conduct a mechanical integrity test.
3. Submit a proposal to 'Plug and Abandon' the well(s), proceed with plugging procedures 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 the "Corrective Action" date indicated below.

This Notice of Violation is the first step in the documentation to take the well to Show Cause Hearing as to why the bond should not be forfeited and the well plugged. Please notify this office at least 24 hours prior to any repair and/or plugging, subsequent mechanical integrity test, or to request TA status for the well(s).

IDLE WELL INSPECTION DETAIL SECTION

WEST HENSHAW PREM UNIT 4 K-3-16S-30E 30-015-03833-00-0 Inspection No. iGEG0108944620

Inspection Date: 5/3/01 2:10:43 PM

Corrective Action Due by: 6/1/01

Type Inspection Inspector

Violation? *Significant Non-Compliance?

MIT Witnessed - Gerry Guye

Yes No

Comments on Inspection: No Flowline.

WEST HENSHAW PREM UNIT 1 M-3-16S-30E

30-015-03840-00-0

Inspection No. iGEG0108944629

Inspection Date: 5/3/01 1:59:45 PM

Corrective Action Due by: 6/1/01

Type Inspection Inspector

Violation? *Significant Non-Compliance?

MIT Witnessed - Gerry Guye

Yes No

Comments on Inspection: No Flowline.

WEST HENSHAW PREM UNIT 7 C-10-16S-30E

30-015-03884-00-0

Inspection No. iGEG0108944676

Inspection Date: 5/3/01 2:21:31 PM

Corrective Action Due by: 6/1/01

Type Inspection Inspector

Violation? *Significant Non-Compliance?

MIT Witnessed - Gerry Guye

Yes No

Comments on Inspection: No Flowline.