

State of New Mexico
Energy, Minerals and Natural Resources Department

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Ken McQueen
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Deputy Cabinet Secretary

David R. Catanach, Division Director
Oil Conservation Division



August 15, 2017

Certified Mail

Return Receipt #: 7015 0640 0007 1331 3650

Terry Lindeman
Elm Ridge Exploration Co LLC
PO Box 156
Bloomfield NM 87413

Re: Inactive Well Status

**Well: Bryan Simpson #2, ULH, Sec 32 TWN 25N RNG 11W, 1675' FNL & 680' FEL
API# 30-045-33174, San Juan County, New Mexico**

Dear Mr. Lindeman:

The last reported production on the Bryan Simpson #2 well was November 2015. The well has been inactive for 21 months. Currently the well is in violation with 19.15.25.8. We have also been notified by the State Land Office (SLO) the lease associated with the well expired on December 15, 2016 due to non-production.

Rule 19.15.5.9.F(2) states "For purposes of 19.15.5.9 NMAC, the listing of a well on the division's inactive well list as a well inactive for more than one year plus 90 days creates a rebuttable presumption that the well is out of compliance with 19.15.25.8 NMAC."

Rule 19.15.25.8 states "WELLS TO BE PROPERLY ABANDONED:

- A. The operator of wells drilled for oil or gas or services wells including seismic, core, exploration or injection wells, whether cased or uncased, shall plug the wells as Subsection B of 19.15.25.8 NMAC requires.
- B. The operator shall either properly plug and abandon a well or place the well in approved temporary abandonment in accordance with 19.15.25 NMAC within 90 days after:

- (1) a 60-day period following suspension of drilling operations;
- (2) a determination that a well is no longer usable for beneficial purposes; or
- (3) a period of one year in which a well has been continuously inactive."

By **November 17, 2017** Elm Ridge is directed to bring this well into compliance by performing one of the required actions below. Elm Ridge is required to file the appropriate sundries and notify the Aztec OCD by **September 15, 2017** which option will be pursued.

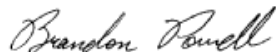
- Properly T/A the well in accordance with 19.15.25.13*
- Plug the well in accordance with 19.15.25.10
- Bring this well back into production*.

***If it is determined that Elm Ridge is going to T/A the well or bring it back into production, Elm Ridge must provide the OCD documentation showing an active lease from SLO.**

The OCD is opting **NOT** to issue a NOTICE OF VIOLATION at this time for the failure to comply with OCD Rule 19.15.25.8 NMAC. However, be advised that if this well is not brought into compliance as directed the well may be subject to formal enforcement action.

If you have any questions, please call me at 505-334-6178, ext. 116.

Sincerely yours,



Brandon Powell
Inspection and Enforcement Supervisor
District III - Aztec