



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
GOVERNOR

OIL CONSERVATION DIVISION
AZTEC DISTRICT OFFICE
1000 RIO BRAZOS ROAD
AZTEC, NEW MEXICO 87410
(505) 334-8178 Fax (505) 334-8170

JENNIFER A. SALISBURY
CABINET SECRETARY

Certified: P-471 215 188

April 18, 1997

Mr Tom Knowlton
Nerdlihc Co Inc
337 E San Antonio Dr Ste 101
Long Beach CA 90807

Re: Inditos #1 30-031-20774, H-15-16N-09W Bullseye #9 30-031-20576, O-18-16N-09W
Bullseye #2 30-031-20414, N-18-16N-09W Bullseye A #2 30-031-05091, P-13-16N-10W

Dear Mr. Knowlton:

You have failed to comply with the provisions of Division Order R-10473 to bring the referenced wells into compliance with the State of New Mexico Rules and Regulations.

You are hereby ordered to plug the referenced wells within thirty days. If you do not plug these wells, we will initiate plugging operations using any or all of your plugging bond to complete the work. Be aware that you will still be liable for any plugging costs that exceed the bond amount. You must make provision to retain plugging bond coverage for your 13 other wells or they will be shut-in for lack of bonding and will be in violation.

You are hereby fined \$50,000 per well for a total of \$200,000 for your failure to comply with the order to this date. This is significantly less than the amount allowed and could be modified if you bring these wells into compliance or increased for further lack of cooperation. Remit the fined amount within 30 days.

Remember that you are not to commence any work on these wells without notifying this office first so that we can witness the operations.

Contact this office immediately in writing to tell us your intentions.

Sincerely,

Frank T. Chavez
District Supervisor

FTC\sh

cc: well files operator file JR file