



**NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT**

**AZTEC DISTRICT OFFICE
1000 RIO BRAZOS ROAD
AZTEC, NEW MEXICO 87410
(505) 334-6170 Fax (505) 334-6170**

**GARY B. JOHNSON
GOVERNOR**

**JENNIFER A. SALISBURY
CABINET SECRETARY**

March 19, 1996

Mr Dan Hanosh
Enerdyne Corp
PO Box 502
Albuquerque NM 87103

RE: State #20, A-28-20N-09W, 30-031-20643

Dear Mr. Hanosh:

After an inspection of your Red Mountain lease in 20N-09W, the following non-compliance issues were noticed which will require corrective action to be implemented by Enerdyne Corporation:

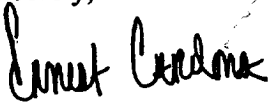
1. Inspection and review of our records show that the above-mentioned well has no tubing or packer in it. Also our records based on state form C-115 required to be submitted by every company for each well, show that the above well has had no injection into it for three years (January 1, 1992 to December 31, 1995). The State #20 hence comes under the directive of NMOCD Rule #705C which stipulates that any injection well having a continuous six month period of non-injection will be considered abandoned, and the authority for injection will automatically expire ipso facto.
2. Inspection of the lease revealed it to be violating NMOCD Rule #103 which requires a legible sign of durable construction to be posted within 20' of each well. Several wells on this lease had no posted signs. Please find a copy of this rule enclosed.
3. The lease is violating NMOCD Rule #115 which requires christmas tree fittings or wellhead connections to be installed and maintained in first class condition. The State #20, along with several other wells have no wellhead or any other type of connection which would allow it to be isolated. Please find a copy of this rule enclosed.
4. Please review your records and contact this office indicating the current status of all your wells. They may be inactive and require P&A or TA approval under Rules #201, #202 and #203. Plans to bring your wells into compliance are to be submitted by April 26, 1996, and work completed by September 26, 1996. Rule #203 requires that a notice of intent to temporarily abandon a well be submitted on a Sundry Notice, state form C-103. If his well is produced from oil or gas formations which are State or Fee owned, a mechanical integrity test is to be conducted before final approval. If there is a notice of intent to P&A filed and approved for any well not being TA'd, the work is to be completed by September 26, 1996.

Mr. Dan Hanosh
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Please find a copy of Rule #203 enclosed.

Please feel free to call me at this office (334-6178) if you have questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Ernest Cardona". The signature is written in a cursive, flowing style.

Ernest Cardona
Deputy O&G Inspector

cc: well file

encs.