



STATE OF NEW MEXICO  
ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION DIVISION  
AZTEC DISTRICT OFFICE

1000 RIO BRAZOS ROAD  
AZTEC, NEW MEXICO 87410  
(505) 334-6178

December 11, 1990

Robert Finch P.A.  
Court Appointed Trustee  
Lobo Production Company  
210 N. Auburn Avenue  
Farmington, NM 87401

RE: Lobo Production Co.  
Gulf State 36 #1  
A 36-23N-06W  
Sandoval County, NM

Dear Mr. Finch:

The Gulf State 36 #1 has experienced an extensive oil spill. Over 200 barrels of oil are contained with the fire walls around the production battery and the reserve pits. Storing oil in earthen pits is in violation of Oil Conservation Division Rule #310. The surface lessee (Navajo Tribe) has built fences around these pits to prevent livestock losses.

The Oil Conservation Division has been in contact with Lobo Production Company representatives since October 18, 1990 asking for clean-up on the Gulf State 36 #1. No action has been taken to date. The Oil Conservation Division directs that this oil spill be cleaned up by January 10, 1991. Failure to comply will result in fines and forced plugging of the Gulf State 36 #1.

The OCD directs that no hydrocarbons or equipment be removed from the Gulf State 36 #1 without permission of the District Office. Cleaning up the oil spill and filing C-103 forms necessary for temporary abandonment, Oil Conservation Division Rule #220 (B), will bring the Gulf State 36 #1 into compliance.

Yours truly,

Denny G. Foust  
Deputy Oil & Gas Inspector  
NMOCD District III

DGF/SH