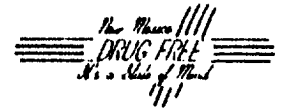




STATE OF NEW MEXICO

ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION
AZTEC DISTRICT OFFICE



BRUCE KING
GOVERNOR

ANITA LOCKWOOD
CABINET SECRETARY

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

Certified #P-505-072-945

January 29, 1993

Mr. Aldrich Kuchera
Giant Exploration & Production Company
PO Box 2810
Farmington, NM 87499

RE: Illegal Pits in Northwestern New Mexico

Dear Mr. Kuchera:

On January 27, 1993 field inspections revealed the below mentioned pits contained oil and are not in compliance with Order R-8952. In order for these pits to be in compliance, you are hereby directed to remove all oil or net these pits by March 1, 1993. At such time, Giant may resubmit variances for those pits that are clean and unnetted.

Drip Pit ties to 10-A, Hunter Foster #1, 13-25N-12W

1. Drip Pit - 10 bbl oil, paraffin and emulsion, netted. Variance not required. The fence is in need of repair, it is not high enough for the netting to be effective.

South Bisti 21-H, E-21-25N-12W

1. Separator pit - now netted. Variance not required.
2. Tank Drain - water with skim oil, no net. No variance requested. This pit was dry on 11/13/92 inspection.

Adelaide Hixon #1, L-22-25N-12W

1. Tank Drain - dry, no net. No variance requested. NMOCD previously requested a variance 11/18/92 and 1/19/93.
2. Separator - now netted. Variance not required.

South Bisti Coal 22 #2, L-22-25N-12W

1. Separator - 1/2 water only, no net. Variance required. NMOCD previously requested a variance 11/18/92 and 1/19/93.

Renate Hixon #1, J-21-25N-12W

1. Tank Drain - 5 bbl water with skim oil, no net. No variance requested. On 11/18/92 Giant was directed to have this pit cleaned or netted by 11/23/92.
2. Separator - now netted. Variance not required.

Bob Brewer #1, L-21-25N-12W

1. Separator - 15 bbl oil and emulsion, no net. Variance previously requested and cancelled.
2. Tank - 1/2 bbl oil, no net. No variance requested.

Andy Williams #1, J-31-25N-12W

1. Blow Pit - pit is now netted. Variance not required.

Mr. Aldrich Kuchera
Page Two

Inspections on this date also revealed that Giant is cleaning the referenced well to the atmosphere, Carson Unit 332 #14, G-14-25N-12W. This well must be blown to an approved pit or to a tank. Giant is directed to immediately cease blowing these wells to the atmosphere. Buena Suerte 33L Com #1, L-33-26N-11W is now being diverted to a pit and is now in compliance.

Yours truly,

Dianna K. Fairhurst

Dianna K. Fairhurst
Deputy Oil & Gas Inspector

DKF/sh

XC: C-134 File
Well File
Don Ellsworth - BLM Farmington