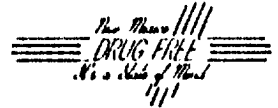




STATE OF NEW MEXICO

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-505-072-943

January 25, 1993

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

RE:

Dear Mr. Kuchera:

On January 22, 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 February 26, 1993. At such time, Giant may resubmit variances for those pits that are clean and unnetted.

WWI-13, P-13-25N-12W

1. Emergency Pit - 25' x 25', full of water only. Variance required for approval.

So. Carson Fed. 25 #8, H-25-25N-12W

1. Blow pit - 50 bbl water with skim oil, no net. Variance returned not approved.
2. Tank Drain - 8' x 8', 5 bbl water with skim oil, no net. No variance requested.

Alexandra Ballard #1, F-30-25N-12W

1. Tank Drain - 5 bbl oil and emulsion, no net. Variance returned not approved. Fence needs to be repaired.
2. Separator - 3/4 full of oil, no net. Variance returned not approved.

Jack Bingham #1, O-32-25N-11W

1. Tank Drain - 10 bbl water with skim oil, no net. Variance #752 approved 10/5/92 cancelled, returned not approved.

Devon Neilson Tank Battery, O-32-25N-11W

1. Tank Drain - 6' x 8', oil in pit, no net. No variance requested.

Debra Geiger Tank Battery, O-32-25N-11W

1. Separator - 8' x 12', 1/2 full of oil, no net. No variance requested. Fence needs to be repaired.
2. Tank Drain - dry oil stain only. A variance is required for approval.

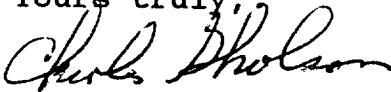
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Mr. Aldrich Kuchera

Yomamasan #1, N-32-25N-11W

1. Separator - 10' x 10', 1/2 full of oil, no net. No variance requested.
2. Tank Drain - 8' x 8', 1/4 full of oil, no net. No variance requested.

Inspections on this date also revealed that Giant is cleaning the referenced wells to the atmosphere, the Buena Suerte 5B Com #1, B-5-25N-11W and the Buena Suerte 33L Com #1, L-33-26N-11W. Salt water from the 5B#1 is flowing into a tributary of the Gallegos Wash. These wells must be blown to an approved pit or to a tank. Giant is directed to immediately cease blowing these wells to the atmosphere.

Yours truly,



Charles Gholson
Deputy Oil & Gas Inspector

CG/sh

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