



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Betty Rivera
Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

NOTICE OF VIOLATION (03-02-01)

March 6, 2002

CERTIFIED MAIL

RETURN RECEIPT NO: 7001 0320 0001 0214 6094

MR. AL NICOL
PENDRAGON ENERGY PARTNERS INC
621 17TH ST STE 750
DENVER, CO 80293

RE: Violation of Order SWD 583 *26N*
Frontier A #1 SWD, Unit Letter I, Sec-08-T16N-R12W, API 30-045-05919

Dear Mr. Nicol:

On November 26, 2001, New Mexico Oil Conservation Division (OCD) Deputy Inspector, Bruce Martin, found the referenced well was operating in violation of OCD order SWD 583.

An OCD investigation determined the following:

1. The continuous pressure recorder indicated the well had been injecting at a pressure of 1110 psi in violation of the permitted limit of 930 psi, set by Order SWD 583.
2. The pressure-limiting device had been set at 1000 psi and was inoperative in violation of the permit conditions.
3. This is the second time that the well was found in violation. An inspection conducted on June 6, 2001, found that the injection pressure and pressure limiting device settings were in violation of OCD order SWD 583. Pendragon Energy Partners Inc. (Pendragon) was contacted, and the well returned to compliance.
4. Pendragon has not been reporting the injection pressures for this well on form C-115, in violation of order SWD 583 and Rule 1115.

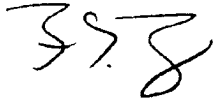
Due to the repetitive nature of this violation we are requesting a show cause hearing before a Division Hearing Examiner where we will recommend issuance of a formal order requiring compliance with OCD order SWD 583 and imposition of a \$3,000 (three thousand dollar) civil penalty.

Please contact this office to schedule a pre-hearing conference within ten (10) days to discuss this matter; failure to do so may result in an additional penalty.

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If you have any questions, please contact me at (505) 334-6178 ext 11.

Sincerely,

A handwritten signature in black ink, appearing to read 'F. Chavez'.

Frank T. Chavez
District Supervisor
ftchavez@state.nm.us

FTC/mk

xc: David K. Brooks, OCD Legal Counsel
CTP
Well file