



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Farmington Field Office
1235 La Plata Highway, Suite A
Farmington, New Mexico 87401

IN REPLY REFER TO

NM-14921(WC)
3162.3-2 (07100)

DEC 27 2001

CERTIFIED--RETURN RECEIPT REQUESTED **7106 4575 1292 2684 1514**

Mr. Gary Markestad
XTO Energy Incorporated
2700 Farmington Ave., Bldg., K., Suite 1
Farmington, NM 87401

Dear Mr. Markestad:

Reference is made to the following well on Federal oil and gas lease NM-14921:

**No. 15 Valencia Canyon Unit, located 1450' FSL and 790' FEL , Sec. 27, T. 28 N., R. 4 W.,
Rio Arriba County, New Mexico.**

On September 27, 2001, we electronically received your Sundry Notice of Intent to plug back the Pictured Cliffs and recompleat in the Fruitland Coal. Shortly thereafter, we received your Well Completion Report which was filed electronically on October 24, 2001. This report indicates that the referenced well was plugged back and recompleated on October 2, 2001, in the Fruitland Coal. This Completion Report is in essence an after the fact report which reports the plug back and recompleation work conducted on this well.

This office has no record of prior approval, written or verbal, being given to conduct these operations. The Sundry Notice received on September 27, 2001, was never approved prior to your commencing the plug back and recompleation work. As such, you are in violation of 43 CFR 3162.3-2, Subsequent Well Operations, which requires prior approval before commencing plug back and recompleation operations. This is the second violation of this sort that XTO Energy Incorporated (formerly Cross Timbers Operating Company) has had. A copy of a previously issued violation notice is attached for your reference.

In addition, you are also subject to a \$250 assessment pursuant to 43 CFR 3163.1-2 for failure to abate each violation (plug back and recompleation). You will be billed for the amount of \$500.00 (\$250X 2) by this office. You are further advised that if you fail to abate these types of violations in the future, you will be subject to Civil Penalties under the major violation provisions pursuant to 43 CFR 3163.2. Enclosed you will find your processed well Completion Report and Sundry Notice. Within 30 days of this notice you must file a subsequent report Sundry Notice detailing the plug back and recompleation work conducted on this well.

Enclosure 2-1

Under provisions of 43 CFR 3165.3, you may request an Administrative Review of the assessment described above. Such request, including all supporting documents, must be filed in writing within 20 business days of receipt of this notice and must be filed with the State Director, Bureau of Land Management (NM-93000), P. O. Box 27115, Santa Fe, New Mexico 87502-0115. Such request shall not result in a suspension of the orders unless the reviewing official so determines. Procedures governing appeals from instructions, orders or decisions are contained in 43 CFR 3165.4 and 43 CFR 4.400 *et seq.*

If you have any questions, please contact Jim Lovato at (505) 599-6367 at your convenience.

Sincerely,

/s/ V.R. Balderaz

FOR David J. Mankiewicz
Assistant Field Manager, Minerals

3 Enclosures:

- 1 - Well Completion Report
- 2 - Sundry Notices
- 3 - Violation Notice (No. 1 Dawson Federal)

cc:

New Mexico Oil Conservation Division (Aztec)
New Mexico Oil Conservation Division (Santa Fe)

bcc:

NM (07020, Accounting) -1
Well File
Suspense (JLovato/DMankiewicz)
DOMR

07100:JLovato\jc:12/27/01:x6376:AssessmentVCU15.wpd