



**NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT**

GARY E. JOHNSON
GOVERNOR

AZTEC DISTRICT OFFICE
1000 RIO BRAZOS ROAD
AZTEC, NEW MEXICO 87410
(505) 334-6178 Fax (505) 334-6170

JENNIFER A. SALISBURY
CABINET SECRETARY

Certified Receipt P-987-892-173

June 18, 1996

Mountain States Petroleum Corporation
Attn Paul Slayton
PO Box 1936
Roswell NM 88202-1936

RE: Violations at the Northwest Cha Cha Unit Water Flood Facility and the adjacent production facility at G-21-29N-14W, San Juan County, New Mexico

Dear Mr. Slayton:

Mountain States Petroleum Corporation continues violating Oil Conservation Division rules and orders. Mountain States has failed to bring the injection and production facilities of the Northwest Cha Cha Unit into compliance with OCD rules and orders as outlined in certified letters dated 12/13/95 and 04/01/96 from this office. At the Northwest Cha Cha Unit Water Flood Facility, specifically, there has been no effort to remove water and oil from the existing overflow pit and failure to initiate closure of the pit.

Authority for production and injection activities associated with the wells listed below is canceled until satisfactory compliance activities are initiated:

30-045-25968, Northwest Cha Cha Unit #01, G-18-29N-14W
30-045-07877, Northwest Cha Cha Unit #46, E-26-29N-14W
30-045-08142, Northwest Cha Cha Unit #11, A-20-29N-14W
30-045-07837, Northwest Cha Cha Unit #50, K-27-29N-14W
30-045-08068, Northwest Cha Cha Unit #16, E-22-29N-14W
30-045-07774, Northwest Cha Cha Unit #56, O-25-29N-14W
30-045-08141, Northwest Cha Cha Unit #17, H-21-29N-14W
30-045-07756, Northwest Cha Cha Unit #57, M-25-29N-14W
30-045-25979, Northwest Cha Cha Unit #02, L-18-29N-14W
30-045-07779, Northwest Cha Cha Unit #58, O-26-29N-14W
30-045-25808, Northwest Cha Cha Unit #20, G-20-29N-14W
30-045-07772, Northwest Cha Cha Unit #59, M-26-29N-14W
30-045-07990, Northwest Cha Cha Unit #24, H-21-29N-14W
30-045-07686, Northwest Cha Cha Unit #66, G-36-29N-14W

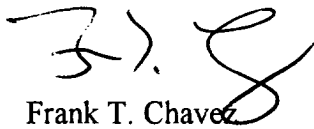
Paul Slayton
Mountain States Petroleum Corp
Page 2
June 18, 1996

30-045-13104, Northwest Cha Cha Unit #30, O-22-29N-14W
30-045-07684, Northwest Cha Cha Unit #67, E-36-29N-14W
30-045-07932, Northwest Cha Cha Unit #35, C-28-29N-14W
30-045-07692, Northwest Cha Cha Unit #68, G-35-29N-14W
30-045-07924, Northwest Cha Cha Unit #36, A-28-29N-14W
30-045-08215, Northwest Cha Cha Unit #07, M-17-29N-14W
30-045-07920, Northwest Cha Cha Unit #39, A-27-29N-14W
30-045-07598, Northwest Cha Cha Unit #74, O-36-29N-14W
30-045-07864, Northwest Cha Cha Unit #43, G-25-29N-14W
30-045-13267, Northwest Cha Cha Unit #75, M-36-29N-14W
30-045-07865, Northwest Cha Cha Unit #44, E-25-29N-14W
30-045-07596, Northwest Cha Cha Unit #76, O-35-29N-14W

Further lack of activity to come into compliance may result in fines or other enforcement action.

Please feel free to contact me or Denny Foust if you have questions.

Sincerely,

A handwritten signature in black ink, appearing to read 'F. T. Chavez', with a stylized flourish at the end.

Frank T. Chavez
District Supervisor

FTC\sh

cc: Well files
Operator file