



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 (03-02-02)

March 6, 2002

CERTIFIED MAIL

RETURN RECEIPT NO: 7001 0320 0001 0214 6087

MR. DAVID B. RICHARDSON
RICHARDSON OPERATING COMPANY
1700 LINCOLN, SUITE 1700
DENVER, COLORADO 80203

RE: Violation of Order SWD 753

Rule 19.15.9.704 Testing, Monitoring, Step-Rate Tests, Notice To The Division, Requests For Pressure Increases
Salty Dog SWD #1, Unit Letter B, Sec-01-T29N-R15W, API 30-045-29946

Dear Mr. Richardson:

On January 23, 2002, New Mexico Oil Conservation Division (OCD) Deputy Inspector, Bruce Martin, found that the referenced well was operating in violation of OCD order SWD 753.

An OCD investigation found the following:

1. The initial mechanical integrity test was never conducted prior to commencing injection in violation of order SWD 753 and Rule 19 NMAC (15.9.704.A.) Testing, Monitoring, Step-Rate Tests, Notice To The Division, Requests For Pressure Increases.
2. The gauge at the pump indicated that the well was injecting at a pressure of 1250 psi in violation of the maximum allowable injection pressure of 405 psi.
3. The pressure-limiting device on the injection pump had been set at 1800 psi in violation of order SWD 753.
4. Injection volumes and pressures have not been reported for the well in violation of order SWD 753 and Rule 1115.

Due to the duration of this violation we are requesting a show cause hearing before an OCD hearing examiner where we will recommend issuance of a formal order requiring compliance with OCD Order SWD 753 and imposition of a \$4,000 (four thousand dollar) civil penalty for past violation.

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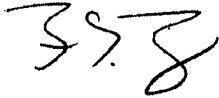
Richardson

March 6, 2002

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 additional penalty.

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