

Hanson

Rand Carroll

From: Tim Gum
To: Rand Carroll
Cc: Tim Gum; William Lemay
Subject: OPERATOR-COMPLIANCE
Date: Thursday, May 22, 1997 1:04PM
Priority: High

Rand --please send a letter to Hanson Energy , R.342 S. Haldeman Rd.Artesia,NM 88210. Stating the following options ,

1. Submit a plan within 45 days to bring all wells into compliance . This plan should provide for at least 2 wells per month brought into compliance ; OR
2. Provide additional individual well bonding for each well not in compliance ; OR
3. Subject to fine of xx ??? per month until wells in compliance ; OR
4. Set a Show Cause Hearing on the docket to P & A all wells not in compliance ; AND increase bonding if needed to cover remaining wells.

Hanson has not work with us over the last 2 years . They have performed at an unsatisfactory level with the BLM
(2 wells P & A ' d in 2 years when the rate was to be 6 wells per year).

Hanson operates 89 wells with 22 wells producing at 226 BOPM and 2,109 MCFPM (12 State wells and 10 Federal wells). Twenty State wells are shut in and some forty - seven Federal wells are shut in.

What are some other means that can be used to get Hanson to perform and not have the State P&A some of the wells not covered by bond ???

Hanson's past performance shows that he will have to be forced to perform !

FYI----- The BLM in the re-write of REQS (draft) has the following--- \$100/mo per each T & A well and \$ 2/ft for each well that is inactive more than 30 days