



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

Bill Richardson
Governor
Joanna Prukop
Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

March 5, 2003

CBS Operating Corporation
P.O. Box 2236
Midland, Texas 79702-2236

Attention: Mr. David Cotner

Re: Division Order No. R-11435-A
North Square Lake Unit Pressure Maintenance Project
Eddy County, New Mexico

Dear Mr. Cotner:

By Division Order No. R-11435-A dated May 30, 2002, the Division authorized Vanco Oil & Gas Corporation (now CBS Operating Corporation) to institute a pressure maintenance project within the North Square Lake Unit Area by the injection of water into the Grayburg-San Andres formation, Square Lake Grayburg-San Andres Pool, through seven initial injection wells. Pursuant to Ordering Paragraph No. (5), injection into the NSLU Well No. 102 (API No. 30-015-20185), located in Unit A of Section 31, T-16 South, R-31 East, NMPM, was not to commence until remedial work was completed on the following-described wells:

NSLU Well No. 77 Unit O, Section 30, T-16 South, R-31 East
NSLU Well No. 103 Unit A, Section 31, T-16 South, R-31 East
NSLU Well No. 104 Unit D, Section 32, T-16 South, R-31 East

In addition, pursuant to Ordering Paragraph No. (7), injection into the NSLU Well No. 145 (API No. 30-015-04948), located in Unit J of Section 31, T-16 South, R-31 East, NMPM, was not to commence until remedial work was completed on the following-described wells:

NSLU Well No. 146 Unit L, Section 32, T-16 South, R-31 East
NSLU Well No. 161 Unit N, Section 31, T-16 South, R-31 East

An examination of Division Form C-115's shows that injection into the NSLU Well No. 102 has continued subsequent to the issuance of Order No. R-11435-A. A further examination of Division files shows that no remedial work has yet been conducted on the NSLU Wells No. 77, 103 or 104.

Similarly, an examination of Division Form C-115's shows that injection into the NSLU Well No. 145 has continued subsequent to the issuance of Order No. R-11435-A. A further examination of Division files shows that no remedial work has yet been conducted on the NSLU Wells No. 146 and 161.

It appears that CBS Operating Corporation is injecting into the NSLU Wells No. 102 and 145 in violation of Division Order No. R-11435-A.

Injection into the NSLU Wells No. 102 and 145 shall immediately cease until such time as the requirements set forth in Division Order No. R-11435-A are complied with.

If work has been performed on any of the area-of-review wells listed above, please forward this information to the Santa Fe Office of the Division.

Please advise the Santa Fe Office of the Division of the date the NSLU Wells No. 102 and 145 are shut-in, and any plans that CBS has to comply with the requirements set forth in Division Order No. R-11435-A.

If you should have any questions regarding this notice, please contact Mr. David Catanach at (505) 476-3466.

Sincerely,



David Catanach
Engineer

Xc: Ms. Lori Wrotenbery
File-Case No. 12112 ✓
Mr. Tim Gum
Mr. William F. Carr