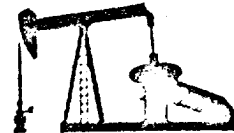




OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO
P. O. BOX 2088 - SANTA FE
87501



DIRECTOR
JOE D. RAMEY

LAND COMMISSIONER
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STATE GEOLOGIST
EMERY C. ARNOLD

July 7, 1976

Conley & Associates, Inc.
9402 Tierra Blanca Dr.
Whittier, California 90603

Gentlemen:

Kindly refer to the letter from this office dated June 4, 1976, and to the attached copy of a portion of New Mexico's regulations pertaining to wells drilled for oil and/or gas. There is evidence that Rule 202 of these regulations has not been complied with in your Harding County, New Mexico, operations on the Cain Ranch.

As of June 25, 1976, none of the well sites were in acceptable condition for abandonment. Although your proposed plugging program for the Cain No. 3 well (N-4-15N-33E) was approved on May 7, 1976, it was observed with open casing, no marker, and unfilled pits on June 25th. Likewise - on that date - your State No. 1 well (D-21-15N-33E) had casing open to the surface, in which a fluid column extended to within a few feet of the top. The site was badly rutted and trashy and pits were not filled. Apparently this location was abandoned prior to April 10th, last.

Obviously, the two specific cases mentioned above are in violation of Rule 202-C. There are other instances of non-compliance which will be apparent to you in referring to the book of regulations which you were furnished prior to your beginning operations in this state. Prompt action to rectify the errors or oversight which permitted the foregoing situation is hereby requested.

Very truly yours,

CARL ULVOG
Supervisor, District IV

CU/og

cc: Mr. W. F. Carr, General Counsel
Oil Conservation Commission - Santa Fe