



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Lori Wrotenbery

Director

Oil Conservation Division

5 March 2003

Via Certified Mail

Sandlott Energy
P. O. Box 711
Lovington, New Mexico 88260

RE: NOTICE OF VIOLATION: NMOCD Rule 201 Inactive Well
Levers "A" State # 3 B-8-18-28 API# 30-015-26896

Ladies and Gentlemen:

This letter shall serve as a Notice of Violation of the rules of the New Mexico Oil Conservation Division.

You were notified of this matter by letters dated 10-21-2002 and 2-5-2003. This office received a phone call from you on 1-27-2003. During this call you indicated the well would be returned to production by 2-3-2003. Inspections on 2-3-2003 and 3-4-2003 found the well still in violation of Rule 201. This certified letter is being sent in part because all of the foregoing directives have brought no response.

Rule 201 of the New Mexico Oil Conservation Division provides as follows:

201 WELLS TO BE PROPERLY ABANDONED

201.A. The operator of any well drilled for oil, gas or injection; for seismic, core or other exploration, or for a service well, whether cased or uncased, shall be responsible for the plugging thereof. [7-12-90...2-1-96]

201.B. A well shall be either properly plugged and abandoned or temporarily abandoned in accordance with these rules within ninety (90) days after:

- (1) A sixty (60) day period following suspension of drilling operations, or
- (2) A determination that a well is no longer usable for beneficial purposes, or
- (3) A period of one (1) year in which a well has been continuously inactive.

Your above referenced wells have remained inactive for a considerably longer time than allowed under this Rule. Your failure to respond to OCD directives and failure to bring this well into compliance are serious violations and merit a severe sanction, up to and including abandonment and plugging as well as civil penalties. In the event that this well is not brought into compliance **on or before April 15, 2003** this third and **final Notice of Violation** precedes a request to the Division that you be summoned to a hearing in Santa Fe to **Show Cause why this well should not be plugged and civil penalties assessed.**

Respectfully yours,

Tim Gum, District Supervisor, District II

cc: OCD Legal