



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Pecos District
Roswell Field Office
2909 West Second Street
Roswell, New Mexico 88201-2019
www.nm.blm.gov

RECEIVED

AUG -1 2010

NMOCD ARTESIA



IN REPLY REFER TO:

Case Number: NMNM-70402

3100 (PO1300)

Order No. 04-066-10W

Certified Mail No: 7000 0520 002 34992 4083

Return Receipt Requested

Hunt & Cimarron, L.P.

Attention: Richard C. Gilliland

P.O. Box 1592

Roswell, New Mexico 88202-1592

JUL 29 2010

WELL CANNOT BE CONVERTED
TO SWD WITHOUT APPROVAL
OF THE NMOCD.
PERMIT MUST BE ACQUIRED
FIRST
RI - NMOCD
8/6/10

NOTICE OF ORDER(S) OF THE BLM AUTHORIZED OFFICER

Dear Mr. Richard C. Gilliland:

Pursuant to your July 8, 2010 conversation by telephone with our geologist, John S. Simitz concerning the status of the wells in the Anchor Deep Federal Unit Area, Chaves County, New Mexico. The status of the Anchor Deep Federal Unit No. 1 well located 1974 FSL & 1988 FWL, sec. 9, T. 14 S., R. 29 E., NMPM, is an active producing oil well. 30-005-00437

The Anchor Deep Unit No 2 well located 1980.FSL & 1980 FEL, sec. 9, T. 14 S., R. 29 E., NMPM, Chaves County, New Mexico, has not produced since July, 1997 and has been temporarily abandoned. The last valid approval for the temporary abandonment expired on May 23, 2007. 30-005-62632

During the telephone conversation a discussion of the increasing water production from the reservoir lead to the possibility of using the No. 2 well for Salt Water Disposal (SWD). This office agrees this could be beneficial to the longevity of the well and promote the conservation of the resource. Normally our office would require a Mechanical Integrity Test (MIT) for a SWD well but it is more appropriate to perform the MIT if and when the well is converted to SWD. Therefore, you will be required to perform a Casing Integrity Test in order to qualify for temporary abandonment.

ORDER(S) OF THE AUTHORIZED OFFICER

Therefore, pursuant to 43 CFR 3162.4-2(b), Hunt & Cimarron, L.P., as operator of the Anchor Deep Unit is hereby ordered to perform a Casing Integrity Test on the Anchor Deep Unit No. 2 well. You will need to notify the BLM 24 hours before the CIT. The operator is required to notify the appropriate office for a Petroleum Engineering Technician (PET) to witness the CIT.

NOTIFICATION: In accordance with 43 CFR 3163.1(a), you are to comply with the CIT test commencing no later than 60 days from receipt of this order. If you fail to comply within the time frames specified, you may be subject to an assessment or additional enforcement actions as deemed necessary. Before commencing any testing, the lessee or operator must notify the BLM using Form 3160-5, Notice of Intent, describing the details for the testing.

COMPLETION NOTIFICATION: Upon completion, the lessee or operator must notify the BLM using Form 3160-5, Subsequent Report, stating the testing is complete no later than 30 days after the test.

If you fail to comply within the time frames specified, you may be subject to an assessment or additional enforcement actions as deemed necessary

WARNING

Orders of the Authorized Officer or Incidents of Non Compliance and reporting time frames begin upon receipt of the Notice or 7 business days after the date it is mailed, whichever is earlier. Each problem or violation must be corrected within the prescribed time from receipt of this Notice and reported to the Bureau of Land Management, Roswell Field office.

For Incidents of Non Compliance, please note that you already may have been assessed for noncompliance (see amount under "Assessed for Noncompliance"). If you do not comply as noted above under: Corrective Action to Be Completed By," you may incur additional assessment under (43 CFR 3163.1) and may also incur Civil Penalties (43 CFR 3163.2). All self-certified corrections must be postmarked no later than the next business day after the prescribed time for correction.

Section 109(d)(1) of the Federal Oil and Gas Royalty Management Act of 1982, as implemented by the applicable provisions of the operating regulations at Title 43 CFR 3163.2(f)(1), provides that any person who "knowingly or willfully" prepares, maintains, or submits false, inaccurate, or misleading reports, notices, affidavits, records, data, or other written information required by this part shall be liable for a civil penalty of up to \$25,000 per violation for each day such violation continues, not to exceed a maximum of 20 days.

REVIEW AND APPEAL RIGHTS

A person contesting an order of the authorized office or violation must request a State Director Review of the Order or Incident of Noncompliance. This request must be filed within 20 working days of receipt of the Incident of Noncompliance with the **New Mexico State Director, Bureau of Land Management, P.O. Box 27115, Santa Fe, New Mexico 87502-0115** (see 43 CFR 3165.3). The State Director review decision may be appealed to the Interior Board of Lands Appeals, 801 North Quincy Street, MS 300-QC, Arlington, Virginia 22203 (see 43CFR 3165.4). Contact the above listed Bureau of Land Management office for further information.

If you have any questions regarding this determination please call John S. Simitz at (505) 627-0288 or the Division of Lands and Minerals at (505) 627-0272

Sincerely,

/s/ Angel Mayes

Angel Mayes
Assistant Field Manger,
Lands and Minerals

cc:

NM Commissioner of Public Lands

NMOCD Artesia ✓

NM (PO01300, NMNM-68078 and NMNM-70402; Unit Correspondence File)

NMSO (9210)