



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop
Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

NOTICE OF VIOLATION (3-03-01)

January 27, 2003

CERTIFIED MAIL

RETURN RECEIPT NO: 7001 1140 0000 4018 5622

Mr. Rodney Kiel
Texakoma Oil & Gas Corp.
5400 LBJ Freeway
Dallas, TX 75240

RE: Violation of Order SWD 785
Texakoma, La Plata Disposal SWD #1, Unit Letter D, Sec-18-T31N-R13W, API 30-045-10817

Dear Mr. Kiel:

On January 6, 2003, New Mexico Oil Conservation Division (OCD) Deputy Inspector, Bruce Martin, found that the referenced well was in violation of OCD order SWD 785.

An OCD investigation determined the following:

1. The gauge on the well indicated an injection pressure of 710 psi in violation of the maximum allowable injection pressure of 608 psi.
2. The pressure-limiting device on the injection pump was not working correctly in violation of order SWD 785.
3. The Texakoma La Plata Disposal #1 was previously inspected on February 13, 2002. At the time of that inspection, OCD Deputy Inspector Bruce Martin found that the injection pressure and pressure-limiting device were in violation of OCD order SWD-785. Texakoma was contacted and the well returned to compliance after these violations were corrected. By certified letter dated March 08, 2002, the OCD, acting through Frank Chavez, District Supervisor of District III, notified Texakoma of these violations, and informed Texakoma that if these violations were repeated the OCD would cause Texakoma to be summoned to a show cause hearing at which time, the OCD would seek imposition of civil penalties, pursuant to NMSA 1978 Section 70-2-31.A.

Page 2

Texakoma NOV
January 27, 2003

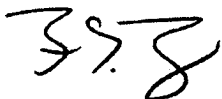
Texakoma's conduct warrants the assessment of civil penalties pursuant to NMSA 70-2-31.A. for the violation of OCD order SWD 785. NMSA 1978, Section 70-2-31.A. authorizes the assessment of civil penalties of up to one thousand dollars (\$1,000) per day per violation for any knowing or willful violation of any provision of the Oil and Gas Act or of any rule or order adopted pursuant to the Act.

In view that this is a repeat violation, the Aztec District Office of the OCD believes some penalty and a definite commitment to future corrective action are essential. Unless this matter can be satisfactorily resolved, we will request a show cause hearing before a Division Hearing Examiner, where we will recommend issuance of a formal order requiring compliance with OCD order SWD 785 and imposition of a \$2,000 (two thousand dollar) civil penalty.

Please contact this office within ten (10) days to schedule a settlement conference to discuss this matter; failure to do so may result in additional penalties.

If you have questions, please feel free to contact me at 505-334-6178 ext 11.

Sincerely,



Frank T. Chavez
District Supervisor
ftchavez@state.nm.us

FTC/mk

xc: David K. Brooks, OCD Legal Counsel
Charlie Perrin
Well file