



# United States Department of the Interior

## BUREAU OF LAND MANAGEMENT

Farmington Field Office  
1235 La Plata Highway, Suite A  
Farmington, New Mexico 87401

IN REPLY REFER TO:

43CFR 3162.3-2(a)

February 26, 2003

XTO Energy Inc.,  
Attn.: Darrin Steed  
2700 Farmington Ave., Bldg., K, Suite 1  
Farmington, NM 87401

Dear Mr. Steed:

Reference is made to the following well on Federal oil and gas lease NM-021126:

*30-045-10620*  
**No. 1 Ohio F Government, located 925' FNL and 1090' FEL., Section 20 T.31N.,  
R.12W., San Juan County, New Mexico.**

On January 17, 2003, we received a Sundry Notice of intent to perform a casing repair on the referenced well. On that same date, we received a subsequent report Sundry Notice which provided a detailed report of the casing repair operations that were actually commenced on the December 20, 2002, and completed on January 17, 2003. This office has no record of prior approval, written or verbal, to perform casing repair operations. As such, you are again in violation of 43 CFR 3162.3-2, Subsequent Well Operations which requires prior approval before commencing casing repair operations. This is the third violation of this rule that XTO Energy Inc., has had since 2001. Copies of the previously issued violations are attached for your reference.

Under 43 CFR 3163.2, Civil Penalties, whenever an operator fails or refuses to comply with any applicable requirements of any regulation, the Authorized Officer (AO) shall notify the operator in writing of the violation, unless the violation was discovered and reported to the AO by the operator or the notice was previously issued under 43 CFR 3163.1. Since your were previously notified to abate further violations under 43 CFR 3163.1, you are now liable for civil penalties for performing casing repairs without prior authorization.

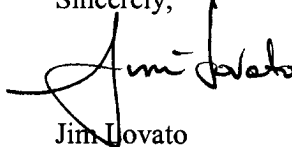
The Bureau of Land Management (BLM) takes matters of non-compliance very seriously. We have had several discussions with your company regarding these matters and understand the problems you have regarding communicating technical issues between the field and the office. We believe that the lack of communication is the root of these non-compliance problems so we encourage you to review your communication procedures and address any areas that need attention. At this point in time, the BLM will exercise its discretionary authority and not levy any monetary penalties toward your company. However, should you continue to have these types of non-compliance issues in the future, civil penalties will be assessed pursuant to the provisions outlined above.



We hope that you and representatives of your company will continue to meet and review the permitting process and regulatory requirements so that compliance with the oil and gas operating regulations are adhered to.

If you have any questions regarding the above or would like to meet to discuss these issues in more detail, please contact me at (505) 599-6367.

Sincerely,

A handwritten signature in black ink, appearing to read "Jim Lovato". The signature is fluid and cursive, with a large initial "J" and "L".

Jim Lovato  
Senior Technical Advisor  
Petroleum Engineer

Enclosures:  
Violation Letters(2)  
Sundry Notices(2)

Cc:  
/ NMOCD: Aztec