

State of New Mexico  
Energy, Minerals and Natural Resources Department

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Susana Martinez  
Governor

John Bemis  
Cabinet Secretary

Brett F. Woods, Ph.D.  
Deputy Cabinet Secretary

Jami Bailey  
Division Director  
Oil Conservation Division



**\*\* Deadline Enclosed - Response Required \*\***

August 1, 2012

Pride Energy Company  
P.O. Box 701602  
Tulsa, OK 74170

Email: [johnp@pride-energy.com](mailto:johnp@pride-energy.com)  
[mattp@pride-energy.com](mailto:mattp@pride-energy.com)

Certified Mail: # 7009 2820 0003 9518 3050

**Re: Well: State B H #1 (30-025-02788)**  
**Operator: Pride Energy Company, OGRID 151323**

Dear Operator:

According to Oil Conservation Division (OCD) records, the State B H #1 (API #30-025-02788) is an inactive well that is in violation of OCD Rule 19.15.25.8.B NMAC. According to OCD records, Pride Energy Company (Pride) is the operator of record of the well.

An inactive well is "a well that is not being used for beneficial purposes such as production, injection or monitoring and that is not being drilled, completed, repaired or worked over." See OCD Rule 19.15.2.7.1(4) NMAC.

OCD Rule 19.15.25.8.B NMAC states that an operator shall either properly plug and abandon a well or place the well in approved temporary abandonment in accordance with 19.15.25 NMAC within 90 days after:

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

On August 26, 2009, the OCD sent Pride a letter of violation (LOV) that required Pride to bring the well into compliance with the inactive well rule (19.15.25.8 NMAC) and close the drilling pit by November 28, 2009. Pride did not comply with the LOV.

On December 11, 2009, the OCD sent Pride a second LOV that required Pride to bring the well into compliance with the inactive well rule (19.15.25.8 NMAC) and close the drilling pit by January 11, 2010. Pride did not comply with the LOV.

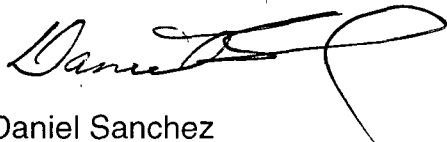
As of today's date, Pride has not brought the well into compliance with OCD rules. As the well's operator of record, Pride is responsible for bringing the well into compliance.

**You must contact me within ten (10) days from the date of this letter at (505) 476-3493 to schedule an administrative conference in Santa Fe to discuss this matter.**

OCD legal counsel may be present for this conference, and you may bring legal counsel if you wish. If this matter cannot be resolved administratively, the OCD will pursue further enforcement action including filing an application for an administrative hearing. My telephone number is (505) 476-3493. My email address is [daniel.sanchez@state.nm.us](mailto:daniel.sanchez@state.nm.us).

Your prompt response to this letter and compliance issues would be appreciated.

Sincerely,

A handwritten signature in black ink, appearing to read "Daniel Sanchez", with a stylized flourish extending from the end.

Daniel Sanchez  
OCD Compliance and Enforcement Manager

Cc: Jami Bailey, OCD Director  
E.L. Gonzales, OCD District 1  
Donna Mull, OCD District 1  
Sonny Swazo, OCD Assistant General Counsel  
Scott Dawson, NM State Land Office