



NEW MEXICO
NAT

SENDER: COMPLETE THIS SECTION

COMPLETE THIS SECTION ON DELIVERY

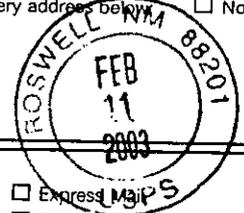
- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

A. Signature
 X *Susan M. Hinkle* Agent Addressee
 B. Received by (Printed Name) *Susan M. Hinkle* C. Date of Delivery

1. Article Addressed to:

Read & Stevens, Inc.
P. O. Box 1518
Roswell, New Mexico 88202

D. Is delivery address different from item 1? Yes
If YES, enter delivery address below No



3. Service Type
 Certified Mail Express Mail Registered Return Receipt for Merchandise
 Insured Mail C.O.D.

4. Restricted Delivery? (Extra Fee) Yes

2. Article (Trans) 7001 1940 0001 9971 3587

PS Form 3811, August 2001

Domestic Return Receipt

102595-01-M-2509

BILL RICHARDSON
Governor
Joanna Prukop
Cabinet Secretary

5 February 2003

Via Certified Mail

Read & Stevens, Inc.
P. O. Box 1518
Roswell, New Mexico 88202

RE:	NOTICE OF VIOLATION:	NMOCD Rule 201	Inactive Wells
	Bunker Hill Water Flood Unit	# 1 C-13-16-31	30-015-24365
	Bunker Hill Water Flood Unit	# 3 A-14-16-31	30-015-24189
	Bunker Hill Water Flood Unit	# 4 H-14-16-31	30-015-24164

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 8-29-2002, and 12-23-2002. An inspection of the locations and files on 1-30-2003 found no work had been done. 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 these wells 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 15 March, 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
OCD Legal

cc: