



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Betty Rivera
Cabinet Secretary

Lori Wrotenberg
Director
Oil Conservation Division

April 10, 2002

SWR Operating Co.
c/o Charles Langston
2100 McKinney Ave.
Dallas, TX 75201

VIA CERTIFIED MAIL

Re: Non-Compliant Wells
NMOCD Order No. R-11710

Ladies and Gentlemen:

On January 15, 2002, following a show cause hearing held in Santa Fe on October 4, 2001, the New Mexico Oil Conservation Division entered its referenced order, a copy of which is attached, directing SWR Operating Co. to bring fourteen (14) inactive wells in Eddy County, New Mexico into compliance with NMOCD rules by either (1) restoring these wells to production, (2) causing them to be plugged and abandoned, or (3) securing approval for temporary abandonment pursuant to NMOCD Rule 203.

The wells that are the subject of this order are the following:

Donnelly Pan American Well No. 1Y (API No. 30-015-05739)
Featherstone Well No. 1 (API No. 30-015-05737)
Featherstone Well No. 1 (API No. 30-015-05744)
Featherstone Well No. 2 (API No. 30-015-05740)
Featherstone Well No. 4 (API No. 30-015-05747)
Featherstone Federal Well No. 1 (API No. 30-015-05732)
Hodges Federal Well No. 1 (API No. 30-015-05752)
Keohane C Federal Well No. 1 (API No. 30-015-05595)
Nickson A Well No. 1 (API No. 30-015-05731)
Shugart B Well No. 1 (API No. 30-015-05670)
Shugart B Well No. 3 (API No. 30-015-05672)
Welch A Well No. 1 (API No. 30-015-05726)
Welch A Well No. 3 (API No. 30-015-05728)
Welch A Well No. 4 (API No. 30-015-05729)

The time provided in said order for compliance expired on February 14, 2002. We have been unable to contact your company to notify you of the order. At this time, we will

require a specific plan to bring these wells into compliance. This should be submitted in the form of C-103 detailing your plans for each wells. We realize that these wells are on federal land, and the original C-103s must be filed with the BLM. However, in order that we can monitor your compliance with this order, copies should be sent to the OCD Artesia District office. We expect to receive this documentation together with a time frame for full compliance within fifteen (15) days from the date of this letter.

If you fail to comply, OCD may proceed to cause these wells to be **permanently plugged and abandoned** by the State of New Mexico. In that event, SWR's plugging bond (if any) will be forfeited, any active wells may be shut in, and the Division will look to SWR for reimbursement for costs incurred in excess of the amount of your bond. In addition **civil penalties may be assessed** for SWR's violation of NMOCD rules and orders.

Should you have any questions, please call me at (505)-476-3450 or contact Tim Gum or Van Barton in the Artesia District Office at (505)-748-1283.

Very truly yours,

David K. Brooks
Assistant General Counsel

cc: Tim Gum, OCD Artesia