

NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Lori Wrotenbery

Director

Oil Conservation Division

Field Inspection Program

"Preserving the Integrity of Our Environment"

31-Jan-03

KC RESOURCES INC

PO BOX 1118

CARDIFF, CA 92007-

Dear Operator:

The following inspection(s) indicate one or more violations as described in the detail section below. The inspection(s) indicates that the well, equipment, location or operational status failed to meet standards of the New Mexico Oil Conservation Division. To comply with standards imposed by Rules and Regulations of the Division, corrective action must be taken immediately and the situation brought into compliance. The detail section below indicates preliminary findings and/or probable nature of the violation. This determination is based on an inspection of your well or facility by an inspector employed by the Oil Conservation Division.

Please notify the proper district office of the Division of the date corrective actions are scheduled to be made so that arrangements can be made to reinspect the well and/or facility.

INSPECTION DETAIL SECTION

LEA YH STATE 002	P-25-18S-34E	30-025-26299-00-00				
Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
01/14/2003	Compliance Verifica	Johnny Robinson	Yes	No	2/31/2003.	iJDR0301446877
Comments on Inspection: No Well Sign. Well is shut in. Install a sign. Return the well to production, TA or plug the well. SECOND NOTICE OF VIOLATION.						
LEA YH STATE 003	J-25-18S-34E	30-025-26562-00-00				
Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
01/14/2003	Routine/Periodic	Johnny Robinson	Yes	No	2/31/2003.	iJDR0301448828
Comments on Inspection: No Well Sign. Install a well sign. FIRST NOTICE OF NON-COMPLIANCE. <i>operator installed a sign with the wrong operator name.</i>						
LEA YH STATE 004	I-25-18S-34E	30-025-26687-00-00				
Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
01/14/2003	Compliance Verifica	Johnny Robinson	Yes	No	2/31/2003	iJDR0301448370
Comments on Inspection: No Well Sign. Well is shut in. Install a sign, return the well to production, TA or plug the well. SECOND NOTICE OF VIOLATION. <i>Installed a sign with the wrong well number, no legal description or API Number</i>						

Oil Conservation Division * 1625 N. French Drive * Hobbs, New Mexico 88240
 Phone: 505-393-6161 * Fax: 505-393-0720 * <http://www.emnrd.state.nm.us>

Case 13564
OCD Exhibit 6

Thank you for your prompt attention to this matter and your efforts in helping to protect our environment and the infrastructure of the oil and gas industry.

Sincerely,



CHRIS WILLIAMS
OC DISTRICT SUPERVISOR/GENERAL MANAGER
Hobbs OCD District Office

Note: Information in Detail Section comes directly from field inspector data entries - not all blanks will contain data.
*Significant Non-Compliance events are reported directly to the EPA, Region VI, Dallas, Texas.



NEW MEXICO ENERGY, MINERALS and
NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Oil Conservation Division

Field Inspection Program

"Preserving the Integrity of Our Environment"

04-May-04

KC RESOURCES INC

PO BOX 1118

CARDIFF CA 92007

NOTICE OF VIOLATION - Inspection

Dear Operator:

The following inspection(s) indicate that the well, equipment, location or operational status of the well(s) failed to meet standards of the New Mexico Oil Conservation Division as described in the detail section below. To comply with standards imposed by Rules and Regulations of the Division, corrective action must be taken immediately and the situation brought into compliance. The detail section indicates preliminary findings and/or probable nature of the violation. This determination is based on an inspection of your well or facility by an inspector employed by the Oil Conservation Division on the date(s) indicated.

Please notify the proper district office of the Division, in writing, of the date corrective actions are scheduled to be made so that arrangements can be made to reinspect the well and/or facility.

INSPECTION DETAIL SECTION

LEA YH STATE		No.003	J-25-18S-34E	30-025-26562-00-00			
Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.	
05/03/2004	Compliance Verification	Johnny Robinson	Yes	No	5/15/2004	iJDR0412453778	

Violations

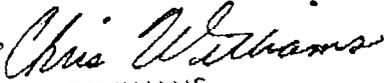
Substandard Equipment and/or Needs Repair

Comments on Inspection: Operator has placed a operator sticker on the sign. The load line valve is leaking at the battery and there have been other spills from the tanks running over. Replace the valve, install a load line sump to catch spilled oil and turn in a remediation plan for approval to Larry Johnson with the Hobbs OCD for the spills.

*No remediation plan submitted.
installed a sump*

In the event that a satisfactory response is not received to this letter of direction by the "Corrective Action Due By:" date shown above, further enforcement will occur. Such enforcement may include this office applying to the Division for an order summoning you to a hearing before a Division Examiner in Santa Fe to show cause why you should not be ordered to permanently plug and abandon this well. Such a hearing may result in imposition of CIVIL PENALTIES for your violation of OCD rules.

Sincerely,



CHRIS WILLIAMS

OC DISTRICT SUPERVISOR/GENERAL MANAGER

Hobbs OCD District Office

Note: Information in Detail Section comes directly from field inspector data entries - not all blanks will contain data.

*Significant Non-Compliance events are reported directly to the EPA, Region VI, Dallas, Texas.



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Lori Wrotenbery

Director

Oil Conservation Division

19-Mar-04

KC RESOURCES INC

PO BOX 1118

CARDIFF CA 92007-0000

NOTICE OF VIOLATION - Inactive Well(s)

Dear Operator:

A review of our records and recent inspection(s) indicate that the subject well(s) has been shut-in for an extended period of time. Rule 201 of the Rules and Regulation of the Oil Conservation Division provides that a well may be shut-in no longer than sixty days after suspension of drilling operations, upon determining that the well is no longer usable (e.g., a dry hole), or one year after last production. To comply with guidelines as established in the Rules and Regulations, corrective actions must be taken immediately and the well(s) brought into compliance.

The detail section below indicates preliminary findings and/or probable nature of the violation.

The following options are available:

1. Immediately restore the well(s) to production, injection or disposal as applicable.
2. Request 'Temporary Abandoned' status pursuant to Rule 203, which requires that you set a plug and conduct a mechanical integrity test.
3. Submit a proposal to 'Plug and Abandon' the well(s) pursuant to Rule 202, proceed with plugging procedures on a timely basis after the proposal has been evaluated, amended and/or approved.

In the event that a satisfactory response is not received to this letter of direction by the "Corrective Action Due By:" date shown above, further enforcement will occur. Such enforcement may include this office applying to the Division for an order summoning you to a hearing before a Division Examiner in Santa Fe to show cause why you should not be ordered to permanently plug and abandon this well. Such a hearing may result in imposition of CIVIL PENALTIES for your violation of OCD rules.

IDLE WELL INSPECTION DETAIL SECTION

LEA YH STATE 001	O-25-18S-34E	30-025-26104-00-00	Inspection No. iJDR0407837690
Inspection Date:	3/18/2004 10:28:05 AM		Corrective Action Due by: 5/1/2004
Type Inspection	Inspector	Violation?	*Significant Non-Compliance?
Compliance Verification	Johnny Robinson	Yes	No
Comments on Inspection:	Well is shut in. Return the well to active status, TA or plug the well. SECOND LETTER OF VIOLATION. Failure to comply prior to 5/1/2004 will result in a show cause hearing in Santa Fe.		
LEA YH STATE 002	P-25-18S-34E	30-025-26299-00-00	Inspection No. iJDR0407838637
Inspection Date:	3/18/2004 10:43:47 AM		Corrective Action Due by: 5/1/2004
Type Inspection	Inspector	Violation?	*Significant Non-Compliance?
Compliance Verification	Johnny Robinson	Yes	No
Comments on Inspection:	Well sign doesn't have the legal description or the API number. Well is shut in. Install a new sign, Return the well to active status, TA or plug the well. THIRD NOTICE OF VIOLATION. Failure to comply prior to 5/1/2004 will result in a show cause hearing in Santa Fe.		

Inspection Date: 3/18/2004 10:36:01 AM

Corrective Action Due by: 5/1/2004

Type Inspection

Inspector

Violation?

*Significant Non-Compliance?

Compliance Verification

Johnny Robinson

Yes

No

Comments on Inspection:

Well is shut in and there have been three notices of violation on this well. Return the well to active status, TA or plug the well. Bring this well in compliance prior to 5/1/2004 or the well will be turned in to Santa Fe for a show cause hearing as to why the well shouldn't be plugged with the existing plugging bond. FOURTH AND FINAL NOTICE.

Thank you for your prompt attention to this matter and your efforts in helping to protect our environment and the infrastructure of the oil and gas industry.

Sincerely,



CHRIS WILLIAMS

OC DISTRICT SUPERVISOR/GENERAL MANAGER

Hobbs OCD District Office

* Significant Non-Compliance events are reported directly to the U.S. Environmental Protection Agency, Region VI, Dallas, Texas.

Inspection Date: 5/3/2004 3:06:24 PM

Corrective Action Due by: 5/15/2004

Type Inspection

Inspector

Violation?

*Significant Non-Compliance?

Compliance Verification

Johnny Robinson

Yes

No

Comments on Inspection:

Checked status of well found shut in. Compliance due date was 5/1/2004. The well has been turned in for a show cause hearing as to why the well shouldn't be plugged with the existing plugging bond.

LEA YH STATE
004

I-25-18S-34E

30-025-26687-00-00

Inspection No. iJDR0412453312

Inspection Date: 5/3/2004 2:48:22 PM

Corrective Action Due by: 5/15/2004

Type Inspection

Inspector

Violation?

*Significant Non-Compliance?

Compliance Verification

Johnny Robinson

Yes

No

Comments on Inspection:

Checked status of well found shut in. Compliance due date was 5/1/2004. Well is shut in. The well has been turned in for a show cause hearing as to why the well shouldn't be plugged with the existing plugging bond.

Thank you for your prompt attention to this matter and your efforts in helping to protect our environment and the infrastructure of the oil and gas industry.

Sincerely,



CHRIS WILLIAMS

OC DISTRICT SUPERVISOR/GENERAL MANAGER

Hobbs OCD District Office

* Significant Non-Compliance events are reported directly to the U.S. Environmental Protection Agency, Region VI, Dallas, Texas.

LEA YH STATE
002

P-25-18S-34E 30-025-26299-00-00

Inspection No. iJDR0407838637

Inspection Date: 3/18/2004 10:43:47 AM

Corrective Action Due by: 5/1/2004

Type Inspection

Inspector

Violation?

*Significant Non-Compliance?

Compliance Verification

Johnny Robinson

Yes

No

Comments on Inspection:

Well sign doesn't have the legal discription or the API number. Well is shut in. Install a new sign, Return the well to active status, TA or plug the well. THIRD NOTICE OF VIOLATION. Failure to comply prior to 5/1/2004 will result in a show cause hearing in Santa Fe.

Inspection Date: 5/3/2004 3:06:24 PM

Corrective Action Due by: 5/15/2004

Type Inspection

Inspector

Violation?

*Significant Non-Compliance?

Compliance Verification

Johnny Robinson

Yes

No

Comments on Inspection:

Checked status of well found shut in. Compliance due date was 5/1/2004. The well has been turned in for a show cause hearing as to why the well shouldn't be plugged with the existing plugging bond.

LEA YH STATE
004

I-25-18S-34E

30-025-26687-00-00

Inspection No. iJDR0407838181

Inspection Date: 3/18/2004 10:36:01 AM

Corrective Action Due by: 5/1/2004

Type Inspection

Inspector

Violation?

*Significant Non-Compliance?

Compliance Verification

Johnny Robinson

Yes

No

Comments on Inspection:

Well is shut in and there have been three notices of violation on this well. Return the well to active status, TA or plug the well. Bring this well in compliance prior to 5/1/2004 or the well will be turned in to Santa Fe for a show cause hearing as to why the well shouldn't be plugged with the existing plugging bond. FOURTH AND FINAL NOTICE.

Inspection Date: 5/3/2004 2:48:22 PM

Corrective Action Due by: 5/15/2004

Type Inspection

Inspector

Violation?

*Significant Non-Compliance?

Compliance Verification

Johnny Robinson

Yes

No

Comments on Inspection:

Checked status of well found shut in. Compliance due date was 5/1/2004. Well is shut in. The well has been turned in for a show cause hearing as to why the well shouldn't be plugged with the existing plugging bond.

Thank you for your prompt attention to this matter and your efforts in helping to protect our environment and the infrastructure of the oil and gas industry.

Sincerely,

Hobbs OCD District Office

* Significant Non-Compliance events are reported directly to the U.S. Environmental Protection Agency, Region VI, Dallas, Texas.



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor
Joanna Prukop
Cabinet Secretary

Mark Fesmire
Director
Oil Conservation Division

30-Jun-04

KC RESOURCES INC
PO BOX 1118
CARDIFF CA 92007-

NOTICE OF VIOLATION - Inactive Well(s)

Dear Operator:

A review of our records and recent inspection(s) indicate that the subject well(s) has been shut-in for an extended period of time. Rule 201 of the Rules and Regulation of the Oil Conservation Division provides that a well may be shut-in no longer than sixty days after suspension of drilling operations, upon determining that the well is no longer usable (e.g., a dry hole), or one year after last production. To comply with guidelines as established in the Rules and Regulations, corrective actions must be taken immediately and the well(s) brought into compliance.

The detail section below indicates preliminary findings and/or probable nature of the violation.

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2. Request 'Temporary Abandoned' status pursuant to Rule 203, which requires that you set a plug and conduct a mechanical integrity test.
3. Submit a proposal to 'Plug and Abandon' the well(s) pursuant to Rule 202, proceed with plugging procedures on a timely basis after the proposal has been evaluated, amended and/or approved.

In the event that a satisfactory response is not received to this letter of direction by the "Corrective Action Due By:" date shown above, further enforcement will occur. Such enforcement may include this office applying to the Division for an order summoning you to a hearing before a Division Examiner in Santa Fe to show cause why you should not be ordered to permanently plug and abandon this well. Such a hearing may result in imposition of CIVIL PENALTIES for your violation of OCD rules.

IDLE WELL INSPECTION DETAIL SECTION

LEA YH STATE	O-25-18S-34E	30-025-26104-00-00	Inspection No. iJDR0416958152
001			
Inspection Date:	6/17/2004 4:09:02 PM	Corrective Action Due by: 6/28/2004	
Type Inspection	Inspector	Violation?	*Significant Non-Compliance?
Compliance Verification	Johnny Robinson	Yes	No
Comments on Inspection:	Checked status of well. There is no change. Well is shut in. Return the well to active status, TA or plug the well.		

LEA YH STATE	P-25-18S-34E	30-025-26299-00-00	Inspection No. iJDR0416958232
002			
Inspection Date:	6/17/2004 4:10:25 PM	Corrective Action Due by: 6/28/2004	
Type Inspection	Inspector	Violation?	*Significant Non-Compliance?
Compliance Verification	Johnny Robinson	Yes	No
Comments on Inspection:	Well is shut in. Return the well to active status, TA or plug the well. Talked to Terrill about working on well. He will call by 6/28/2004. Return the well to active status, TA or plug the well.		

Inspection Date: 6/17/2004 4:13:22 PM

Corrective Action Due by: 6/28/2004

Type Inspection

Inspector

Violation?

*Significant Non-Compliance?

Compliance Verification

Johnny Robinson

Yes

No

Comments on Inspection: Checked status of well. Well is shut in. Return the well to active status, TA or plug the well.

Thank you for your prompt attention to this matter and your efforts in helping to protect our environment and the infrastructure of the oil and gas industry.

Sincerely, *Chris Williams*

CHRIS WILLIAMS

OC DISTRICT SUPERVISOR/GENERAL MANAGER

Hobbs OCD District Office

* Significant Non-Compliance events are reported directly to the U.S. Environmental Protection Agency, Region VI, Dallas, Texas.

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
Oil Conservation Division
1625 N. French Drive
Hobbs, NM 88240

KC RESOURCES INC
PO BOX 1118
CARDIFF CA 92007-0000



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