

“Yellow” Wells:

Violation Alleged:

- Inactive wells (19.15.4.201 NMAC)
- Pit issues related to the state M #001 (19.15.2.50 NMAC)

Wells at issue:

1. Atlantic State #001
2. Eddy State #001
3. Hannafin State #001
4. Long Box Com #001
5. Marshall #006*
6. Sivley State #001
7. State M #001

History of Compliance Actions by OCD:

3-21-02 Case 12811 heard (applies to Long Box Com. #1 and State M #1)
5-14-03 Order R-11934 issued in Case 12811
11-15-07 Case 14052 filed (subject of de novo review)
1-10-08 Case 14052 heard
6-23-08 Case 14052 Order R-12768-C filed

Pending Orders:

- R-11934: Requires operator to return the State M #001 to compliance within 8 months of order, or \$53,000 suspended penalty will apply)
- R-12768-C: Requires operator to plug or transfer all wells by 12-31-08

Compliance Actions by Operator:

- Operator returned the Eddy State #001 to production
- Operator transferred the Marshall #006 to TriTex Resources, LLC

Compliance Action Not Taken by Operator:

- Operator has not returned the State M #1 to compliance as required by R-11934.
- Operator has not paid the penalty required by R-11934.
- Operator returned the Long Box Com #1 to compliance before Order R-11934 was issued; the well has since fallen back out of compliance.
- Operator has not returned the remaining wells to compliance, that were not covered in R-11934.

*Well transferred to TriTex Resources, LLC effective 9/15/08.