

PAUL BACA PROFESSIONAL COURT REPORTERS

**OIL
CONSERVATION
DIVISION**

CASE #: 14129

**EXHIBIT
5**

NOT RECORDED
4-17-97

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
ARTESIA DISTRICT OFFICE

GARY E. JOHNSON
GOVERNOR

JENNIFER SALISBURY
CABINET SECRETARY

4-25-1997

GENERAL OPERATING CO.
SU 303 1ST NATL.BK.BLDG.
ARTESIA, NM. 88210

RE: Properly Abandoned Wells

The State of New Mexico is in the process at this time of reviewing leases and determining the number of inactive wells.

Rule 201 A. states "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."

Rule 201 B. states "A well shall be either properly plugged and abandoned or temporarily abandoned in accordance with these rules within (90) days after (1) a 60 day period following suspension of drilling. (2) A determination that the well is no longer usable for beneficial purposes. (3) A period of 1 year in which a well has been continuously inactive."

House Bill 65 has been passed by the Legislature and provides a 3.75% tax incentive for wells put back in production. However, if there are no plans to put this well back in service then it needs to be either plugged or properly temporarily abandoned.

Please use Form C-103 and Form C-139 for the 3.75% tax incentive to indicate your intentions for the following inactive well(s):

P-27-18-26 KLEEMAN #1 LAST PRODUCTION 5-77

Please advise this office within 30 days of the date shown above as to your intentions or any change of status for the above listed well(s). If you have any questions or if you need any help - feel free to stop by the office and visit with us.

Sincerely,

Tim W. Gum
Supervisor District II

CMD :
OG6IPRDONGARD
INQUIRE PRODUCTION BY POOL/WELL05/25/00 08:57:
OGOMM -TP
Page No:OGRID Identifier : 21013 SNOW OIL & GAS INC
Pool Identifier : 86500 TURKEY TRACK;MORROW, NORTH (GAS)
API Well No : 30 15 22343 Report Period - From : 01 1994 To : 02 2000

API Well No	Property Name	Prodn. Days MM/YY Prod	Production Volumes Gas Oil Water	We St
30 15 22343	PALMILLO STATE COM	01 94 1	13	F
30 15 22343	PALMILLO STATE COM	02 94 26	345	F
30 15 22343	PALMILLO STATE COM	03 94 9	111	F
30 15 22343	PALMILLO STATE COM	04 94		S
30 15 22343	PALMILLO STATE COM	05 94		S
30 15 22343	PALMILLO STATE COM	06 94		S
30 15 22343	PALMILLO STATE COM	07 94		S

Reporting Period Total (Gas, Oil) :

M0002: This is the first page

PF01 HELP	PF02	PF03 EXIT	PF04 GoTo	PF05	PF06 CONFIRM
PF07 BKWD	PF08 FWD	PF09	PF10 NXTPOOL	PF11 NXTOGD	PF12

Gray
has blank
Bond
Well ST since
April 1994

CMD : ONGARD 08/04/98 11:57:
 OG6IPRD INQUIRE PRODUCTION BY POOL/WELL OGOJNS -TP
 OGRID Identifier : *Gene A. Snow -* ~~8083 GENERAL OPERATING CO~~ Page No:
 Pool Identifier : 16150 DAYTON;SAN ANDRES
 API Well No : 30 15 250 Report Period - From : 01 1970 To : 12 1998

API Well No	Property Name	Prodn. Days MM/YY Prod	Production Volumes Gas Oil Water	We St
30 15 250	KLEEMAN	05 77 99	142 1834 789	F

Reporting Period Total (Gas, Oil) : 142 1834 789

M0025: Enter PF keys to scroll

PF01 HELP	PF02	PF03 EXIT	PF04 GoTo	PF05	PF06 CONFIRM
PF07 BKWD	PF08 FWD	PF09	PF10 NXTPOOL	PF11 NXTOGD	PF12

K-28-21-20

CRAWLEY A #1

915-631-7780

~~Henry Norton~~ Consultant.
~~DAY~~

Snow Oil + Gas

Box 1277

Andrews tx

79714

915-524-2371

Dan Snow.

Matador Oper. Inc.



**B. J. PHILLIPS
CONTRACTING**

PUMPING
WELL TESTING

505-887-0930 OFFICE

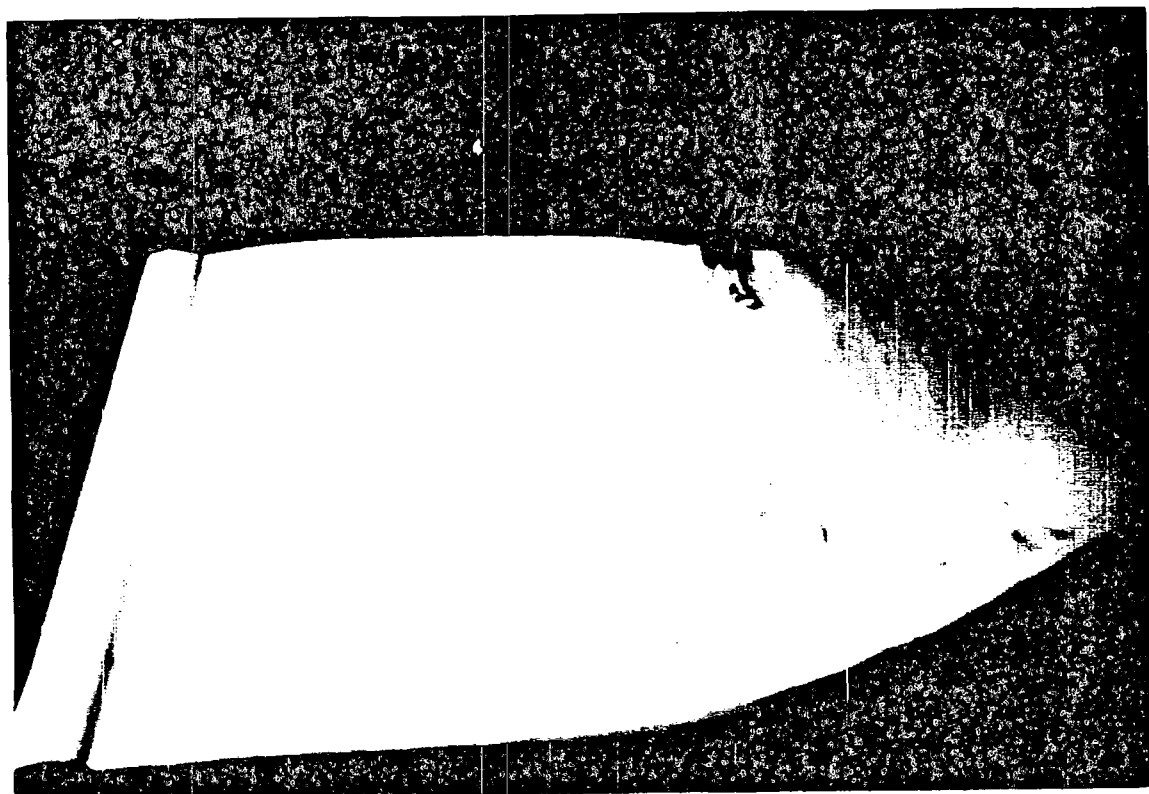
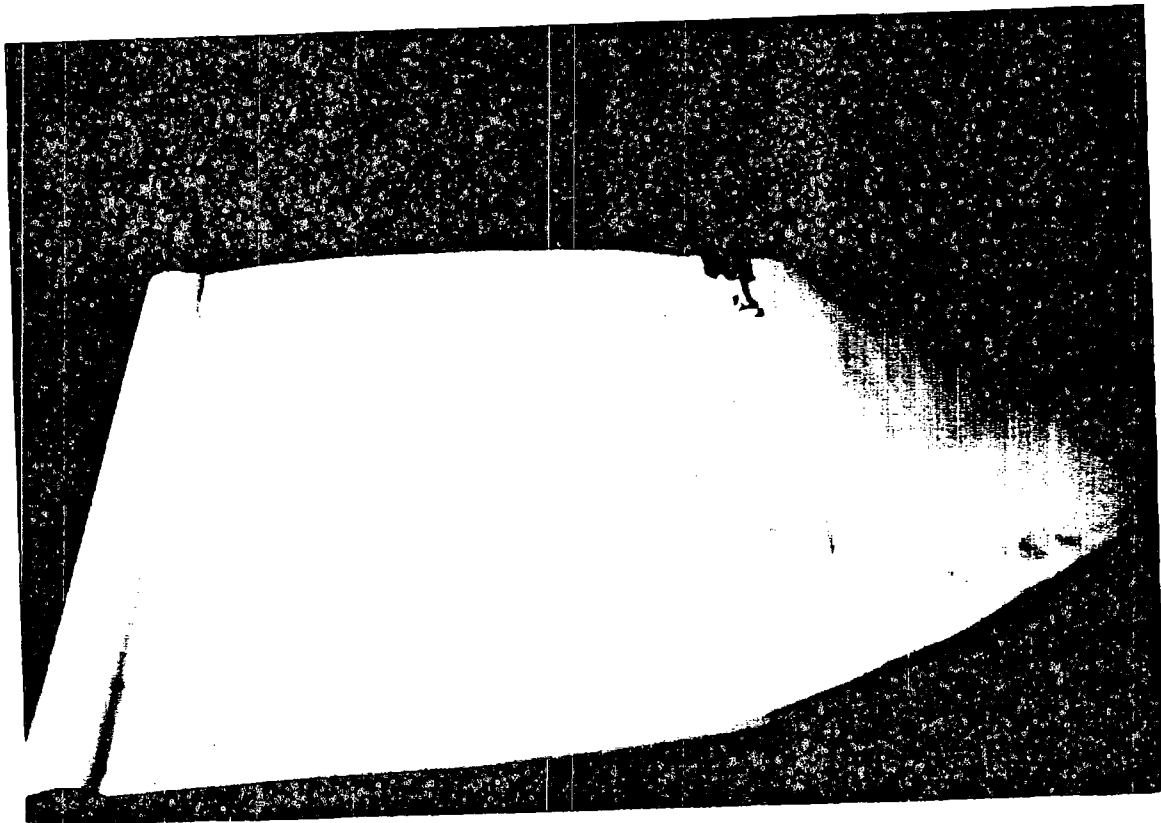
505-887-5674 FAX

505-234-4295 MOBILE

800-662-3582 PAGER ✓

915-524-4993.

4

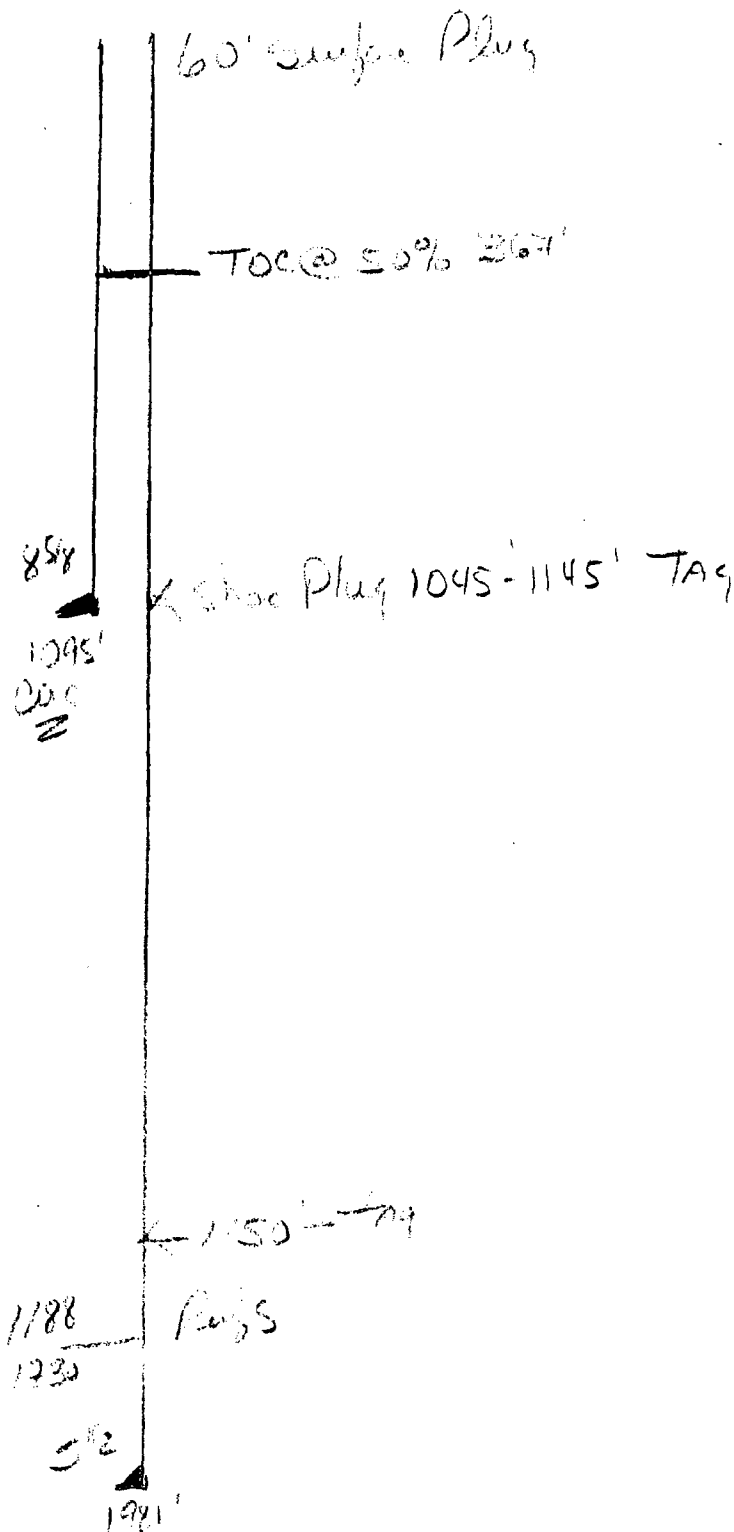


Operator General Operations Co.
 Well Kleema #1
 Unit D Section 27 Township 18 Range 26
 API # 30-015-00250

TOPS

T. Salt _____
 B. Salt _____
 Yates _____
 Glorieta _____
 Delaware _____
 Bone Sp. _____
 Abo _____
 Wolfcamp _____
 Morrow _____
 Devonian _____
 Fusselman _____
 Other Gay 810
SA 1090

- Contact OCD 24 hrs. prior to any work done.
- Salt gel mud consisting of 10# brine with 25# of gel per barrel must be placed between each plug
- Install dry hole marker as per rule 202.B.2
- Plugs are to be set from point indicated up. Plugs must not be less than 100' or 25 Sacks of cement, whichever is greater, unless specifically indicated.
- Shoe and stub plugs will be 50' above and below shoe or stub and tagged.
- Surface plug will be from 0' - 60'
- Where plugs are required cement must be placed inside and outside of all casing string(s), in the correct footage or sacks required, if no cement exists.
- Plugs to be tagged will be indicated.





NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

04-Nov-04

GENERAL OPERATING CO

FIRST NATIONAL BANK SUITE 303

ARTESIA NM BADAD-DR

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

KLEEMAN 001	P-27-18S-26E	30-015-00250-00-00	Inspection No. iGEG0430736492
Inspection Date:	11/2/2004 10:08:09 AM	Corrective Action Due by: 2/5/2005	
Type Inspection	Inspector	Violation?	*Significant Non-Compliance?
Routine/Periodic	Gerry Guye	Yes	No
Comments on Inspection:	Idle Well (Rule 201)		

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,


Artesia OCD District Office

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

Oil Conservation Division * 1301 W. Grand * Artesia, New Mexico 88210
Phone: 505-748-1283 * Fax: 505-748-9720 * <http://www.emnrd.state.nm.us>

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NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

07-Mar-06

Snow Oil & Gas
P O Box 1277
Andrews, Texas 79714

LETTER 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.

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IDLE WELL INSPECTION DETAIL SECTION

KLEEMAN 001

P-27-18S-26E

30-015-00250-00-00

Inspection No. **iVAB0606655380**

Inspection Date: **3/7/2006 3:22:59 PM**

Corrective Action Due by: **6/10/2006**

Type Inspection

Inspector

Violation?

*Significant Non-Compliance?

Compliance Verification

Van Barton

Yes

No

Comments on Inspection:

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

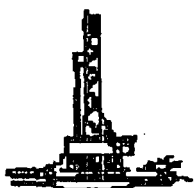
Sincerely,

Artesia OCD District Office

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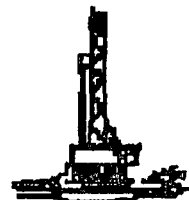
Oil Conservation Division * 1301 W. Grand * Artesia, New Mexico 88210
Phone: 505-748-1283 * Fax: 505-748-9720 * <http://www.emnrd.state.nm.us>

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SNOW OIL & GAS, INC.

P. O. Box 1277, Andrews, Texas 79714
Phone: (432) 524-2371 Fax: (432) 524-4993



March 17, 2006

Artesia OCD District Office
1301 W. Grand
Artesia, NM 88210

30-015-00252

RECEIVED

MAR 22 2006

OCD-ARTESIA

Re: Violation letter for Kleeman 001 well

To Whom It May Concern:

I am writing in response to a violation letter we received from your office dated 3/7/06. The letter stated that we are in violation of OCD Rules and Regulations for not plugging an abandoned well. However, we believe your source is mistaken. Snow Oil & Gas does not operate nor do we have any ownership in the Kleeman 001 well.

If you any questions or concerns please feel free to contact our office at the above referenced letterhead.

Thank you,

Patti Vargas

for

Dan W. Snow
Manager

DWS/pv



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

29-May-07

GENERAL OPERATING CO
8495 JACKSBORO HIGHWAY
WICHITA FALLS TX BADAD-DR

LOV NO. 0812907

LETTER 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

KLEEMAN No.001		P-27-18S-26E	30-015-00250-00-00			
Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
05/23/2007	Inactive Well Verification	Richard Inge	Yes	No	6/14/2007	iREI0714352125
Comments on Inspection:		Violation of rule 19.15.4.201. Last production report 5/1/1977. Pull rod in tubing. Electric meter missing. No flow line. Violation of PIT rul 50. Pit on location with some fencing. Violation rule 103 - Well sign missing.				

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,

RICHARD INGE

Artesia 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

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

04-Jun-07

GENERAL OPERATING CO
8495 JACKSBORO HIGHWAY
WICHITA FALLS TX 76310-9301

LOV NO. 02 129 07

LETTER OF VIOLATION - Inspection

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Sincerely,

RICHARD INGS

Artesia OCD District Office

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