

New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

Joanna Prukop
Cabinet Secretary
Reese Fullerton
Deputy Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



August 15, 2008

Gary W. Larson, Esq.
Hinkle, Hensley, Shanor & Martin, L.L.P.
218 Montezuma
Santa Fe, NM 87501

Re: Operator Dennis Langlitz, OGRID 157447
Agreed Compliance Order No. 225 / Notice of Violation No. 02-07-29

Dear Mr. Larson:

Agreed Compliance Order (ACO) No. 225 required your client Dennis Langlitz to return the Saladar Unit No. 002 (30-015-02450), Saladar Unit No. 004 (30-015-02446), Saladar Unit No. 006 (30-015-02448), Saladar Unit No. 007 (30-015-10468), Saladar Unit No. 008 (30-015-02449), and Saladar Unit No. 012 (30-015-24179), to compliance with Oil Conservation Division rules by June 30, 2008.

On June 25, 2008, you requested a "month-long extension of the June 30, 2008 deadline for Dennis Langlitz to obtain authorization to inject for the six wells listed in ACO No. 225." Your request was based on additional time Mr. Langlitz needed to obtain bonding on the Saladar Unit No. 001 (30-015-02451). Your letter stated, "The financial assurance for the Saladar Unit No. 001 is now in place," and "an extension of the final ACO deadline until July 31 2008 would enable Mr. Langlitz to complete the mechanical integrity testing and obtain the Division's authorization to inject."

As of this date Division records show that no mechanical integrity tests were performed on the wells by July 31 as required by ACO No. 225. ACO No. 225 has now expired and the wells continue to remain in violation of Division rules.

As part of ACO No. 225, the Division agreed to waive twenty-eight thousand dollars (\$28,000.00) of a forty-three thousand dollars (\$43,000.00) civil penalty on the condition that Mr. Langlitz returns the wells to compliance by the ACO deadline. Because Mr. Langlitz did not return the wells to compliance by the ACO deadline, Mr. Langlitz now owes the \$28,000.00 civil penalty. Payment must be submitted in accordance with the procedures specified in the ACO.

Case 14190
Application of Dennis Langlitz
OCD Exhibit G

Oil Conservation Division * 1220 South St. Francis Dri
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Because the wells remain in violation of Division rules, the Division will be filing an application for a compliance order against Mr. Langlitz to require him to return the wells to compliance. It is within Mr. Langlitz's best interest to promptly return the wells to compliance with Division rules.

Sincerely,



Sonny Swazo
OCD Assistant General Counsel

cc: Daniel Sanchez, OCD Enforcement and Compliance Manager
Tim Gum, Supervisor, OCD District II
Gerry Guye, Compliance Officer, OCD District II