

**FASKEN OIL AND RANCH, LTD.**

303 WEST WALL AVENUE, SUITE 1800  
MIDLAND, TEXAS 79701-5116

(432) 687-1777  
jimmyc@forl.com

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SEP 29 2005  
OBB-ARTEDIA

Jimmy D. Carlile  
Regulatory Affairs Coordinator

September 28, 2005

Mr. Chris Beadle  
New Mexico Oil Conservation Division  
1301 W. Grand  
Artesia, NM 88210

Dear Mr. Beadle,

Re: Fasken Oil and Ranch, Ltd.  
Notice of Violation  
Indian Hills Unit No. 16  
E-17-21S-24E  
Eddy County, New Mexico  
API No. 30-015-30703

We received the attached letter from you this afternoon, and wanted to get this particular problem resolved as soon as possible. The Indian Hills Unit No. 16 was sold to Marathon for a recompletion candidate where Fasken did not have lease rights. Marathon did not follow up timely with the C-104A transfer after Fasken filed their portion electronically. See the attached series of emails between Fasken and Marathon.

According to the last email, Marathon has now acted on the C-104A transfer, and should have this well transferred to their name.

If you have any questions concerning this correspondence please give me a call at the letterhead number.

Yours truly,



Jimmy D. Carlile  
Regulatory Affairs Coordinator



# NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

**BILL RICHARDSON**

Governor

**Joanna Prukop**

Cabinet Secretary

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FASKEN OIL AND  
RANCH, LTD.

**Mark E. Fesmire, P.E.**

Director

Oil Conservation Division

26-Sep-05

**FASKEN OIL & RANCH LTD**

303 W WALL STE 1900

MIDLAND TX 79701-5116

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OCD-ARTESIA

## 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

<b>INDIAN HILLS UNIT 016</b>	<b>E-17-21S-24E</b>	<b>30-015-30703-00-00</b>	<b>Inspection No. iCLB0526937891</b>
<b>Inspection Date:</b>	9/26/2005 10:31:31 AM	<b>Corrective Action Due by:</b>	12/30/2005
<b>Type Inspection</b>	<b>Inspector</b>	<b>Violation?</b>	<b>*Significant Non-Compliance?</b>
Routine/Periodic	Chris Beadle	Yes	No
<b>Comments on Inspection:</b>	Idle well. No flowline. Last reported production was August 2003.		

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.

**Jimmy Carlile**

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**From:** Sally Kvasnicka [sallyk@forl.com]  
**Sent:** Tuesday, September 27, 2005 3:42 PM  
**To:** jimmyc@forl.com  
**Subject:** FW: Indian Hills Unit No. 16-C-104

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OCD-ANTEAM

See the below message about the C-104

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**From:** Kendrix, Charles E. [mailto:cekendrix@marathonoil.com]  
**Sent:** Tuesday, September 27, 2005 3:19 PM  
**To:** Emerson, Wyn M.; sallyk@forl.com  
**Subject:** RE: Indian Hills Unit No. 16

Sally,

You can ignore the previous email. I found where Jimmy Carlile had filed the electronic C-104-A on the NMOCD web page. I certified the well list online and attached a scanned tiff file from the signed copy that Marathon had received to the file.

I also submitted the permit for NMOCD approval online. I will get with Fran Chavez with the NMOCD tomorrow to make sure it is confirmed.

Thank You,  
Charles Kendrix

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**From:** Kendrix, Charles E.  
**Sent:** Tuesday, September 27, 2005 3:00 PM  
**To:** Emerson, Wyn M.; 'sallyk@forl.com'  
**Subject:** RE: Indian Hills Unit No. 16

Sally,

The change of operator form (C104A) must be filed electronically. I have set up a form on the NMOCD website. In order to be able to submit the form, both parties to the change must certify the well list online. Can you please have your regulatory people certify the form on the NMOCD website.

If they have not done this before I would be happy to try to walk them through the process. My phone number is 713-296-2096.

Thank You,  
Charles Kendrix  
Engineering Technician  
Marathon Oil Company

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**From:** Emerson, Wyn M.  
**Sent:** Tuesday, September 27, 2005 1:33 PM  
**To:** sallyk@forl.com  
**Cc:** Kendrix, Charles E.  
**Subject:** RE: Indian Hills Unit No. 16

I found the letter from Fasken and I forwarded it to our Regulatory person who said he will file it on-line. I will keep you informed how that proceeds.

9/28/2005

**Wyn M. Emerson**

Landman - Permian Basin Asset Team  
Southern Business Unit  
Marathon Oil Company  
Tel.: 713.296.2084  
Fax: 713.499.6751  
wmemerson@marathonoil.com

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OCD-ARTERIA

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**From:** Sally Kvasnicka [mailto:sallyk@forl.com]  
**Sent:** Tuesday, September 27, 2005 11:14 AM  
**To:** Emerson, Wyn M.  
**Subject:** FW: Indian Hills Unit No. 16

Wyn, We will be receiving an Incidence of Non-compliance shortly. We really need to get the C-104 filed with the NMOCD asap. Thanks for tracking this down. Sally

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**From:** Jimmy Carlile [mailto:jimmyc@forl.com]  
**Sent:** Tuesday, September 27, 2005 11:03 AM  
**To:** sallyk@forl.com  
**Subject:** RE: Indian Hills Unit No. 16

We have not yet received the INC. Doug was in the field yesterday and was told one was being sent. The normal deadline is action must be taken within 30 days of the date of the INC.

*Jimmy D. Carlile*

-----Original Message-----

**From:** Sally Kvasnicka [mailto:sallyk@forl.com]  
**Sent:** Tuesday, September 27, 2005 10:08 AM  
**To:** jimmyc@forl.com  
**Subject:** FW: Indian Hills Unit No. 16

What is our deadline from the OCD to get something done on this well? See the below message. Sally

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**From:** Emerson, Wyn M. [mailto:wmemerson@marathonoil.com]  
**Sent:** Tuesday, September 27, 2005 10:10 AM  
**To:** sallyk@forl.com  
**Subject:** RE: Indian Hills Unit No. 16

Sally,

I know I received the documentation from Fasken, but I have to admit it is something that slipped my mind. I'll track down the paper I received and get Marathon to sign it and send it to the OCD. I apologize greatly for this mistake.

Rita didn't do much damage to my parents' house or the farm and we all made it safely home. It did take

9/28/2005

me 9 hours to drive from my apartment to my parents' house on Thursday morning. A typical drive is only 40 minutes. It was total chaos.

**Wyn M. Emerson**

Landman - Permian Basin Asset Team  
Southern Business Unit  
Marathon Oil Company  
Tel.: 713.296.2084  
Fax: 713.499.6751  
wmemerson@marathonoil.com

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OOD-ARTS/PA

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**From:** Sally Kvasnicka [mailto:sallyk@forl.com]  
**Sent:** Monday, September 26, 2005 2:27 PM  
**To:** Emerson, Wyn M.  
**Subject:** FW: Indian Hills Unit No. 16

See the message below. Could you check on the C-104 for this well. We have never received it back from Marathon after assigning this well to Marathon.

PS How did you weather Rita? I hope and pray that you and your family is alright. Sally

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**From:** Jimmy Carlile [mailto:jimmyc@forl.com]  
**Sent:** Monday, September 26, 2005 2:15 PM  
**To:** Sally Kvasnicka  
**Subject:** Indian Hills Unit No. 16

The OCD is going to send us an Incidence of Non-compliance (INC) on this well since it has not been produced or plugged. Didn't Marathon take this well bore over for a shallower recompletion? Do we have a copy of the C-104 change of operator?

*Jimmy D. Carlile*