



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

October 17, 2005

Range Operating New Mexico, Inc.
777 Main St. Suite 800
Fort Worth, TX 76102
Attn: Linda C. Stiles or To Whom It May Concern

**RE: Regulatory compliance issues and an office meeting to be conducted here in Artesia for Range Operating New Mexico, Inc's.: Teledyne '12' Federal #1, located in unit letter M of Section 12 of Township 23 South, Range 28 East, Eddy County, New Mexico, NMPM
API # 30-015-33930**

Dear Linda or To Whom It May Concern,

In reference to the above, the NMOCD needs to inform you of a number violations and possible ground water contamination due to the fact that your company, did not comply with the surface setting depth as proposed by your company in the application to drill (APD) and the conditions of approval from the Bureau of Land Management (BLM).

The regulatory paperwork that we have received shows that this well was permitted and drilled on Federal minerals and I need to inform you it is not necessary to submit this information on state NMOCD forms. It is required however that your company submit to the Bureau of Land Management on their forms in a 'timely' manner. Please refer to NMOCD rules 19.15.14 , 1103 & 1105 for more information regarding this matter. In the detailed information that you have provided, there is no indicated amount of cement that was to be circulated (if any) on both casing strings. Please refer to NMOCD Rules 107 and 1103 for more information in regards to compliance matters for these issues. Finally, I cannot find any indication of a casing pressure test for the 5 1/2" casing. Please refer to NMOCD Rule 107 for more information. Please submit an amended BLM form 3160-5 showing the required information **no later than October 21st, 2005** and to copy said form(s) to the NMOCD office here in Artesia.

As for the surface casing setting depth issue, Range Operating New Mexico, Inc. is to have a representative(s) meet with me and other members of our staff at the earliest convenience. The purpose for this meeting is to bring supporting evidence as to why Range Operating New Mexico, Inc. chose to drill deeper and set surface casing in the salt section and how this change has not impacted ground water at this location. Also, please be prepared how setting surface casing in a salt zone does not impact ground water in more environmentally sensitive areas of New Mexico.

Please note that this is your 1st directive and also please note that other enforcement actions may be imposed concerning this issue of non-compliance with NMOCD rules and regulations and the protection of ground water.

The Bureau of Land Management is welcome to attend this meeting whenever a set time is agreed upon.

Please call if you have any questions regarding this matter.

Respectfully yours,


Bryan G. Arrant

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Cc: Tim Gum-District Supervisor, Artesia
Daniel Sanchez-Compliance Manager, Santa Fe
Cheryl O'Connor-Legal Council, Santa Fe
John Simitz w/the Bureau of Land Management, Roswell
Well file