



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

21-Nov-05

JIM PIERCE

#859 PETROLEUM BUILDING

ROSWELL NM 88201

LETTER OF VIOLATION

Dear Operator:

A recent inspection indicates that the subject well may have been improperly plugged. Rule 202.B of the Rules and Regulations of the Oil Conservation Division provides that **"before any well is abandoned, it shall be plugged in a manner which will permanently confine all oil, gas and water in the separate strata in which they are originally found."**

The subject well is required to be plugged in accordance with Rule 202.B prior to January 15, 2006.

LEONARD A STATE 001

B-12-19S-29E

30-015-03603-00-00

Inspection No. iCLB0532550737 Inspection Date: 11/21/2005 2:05:37 PM Corrective Action Due by: 12/21/2005

Type Inspection Inspector Violation? *Significant Non-Compliance?

Routine/Periodic Chris Beadle Yes No

Comments on Inspection: Plug and Abandon Marker has oil and fluids pooled at the base, impacting soils and running off to the east approximately 3 feet, 1 foot wide. Chloride deposits are outside of the liquid pooling and runoff path. Fluids can be traced up the marker and are exiting from a hole in the top, north face of the marker in a steady stream.

The operator is required to submit a proposal to plug this well so that all formations are isolated and fluids are blocked from escaping to the surface or between formations. This plan must include at a minimum:

1. Method to contain fluids escaping from the well to the surface.
2. Method to determine the status of all plugs and to ensure the integrity of all plugs currently in place.
3. Method to stop the flow of fluids from the well including flow of fluids to the surface and fluids between formations.

The proposal must be provided to the NMOCD District 2 Office no later than December 21, 2005. Work to stop the flow of fluids from this well to the surface and between formations must be completed no later than January 15, 2006.

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