



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

LETTER OF VIOLATION

December 5, 2005

Walsh and Watts, Inc.

1111 Seventh Street

Wichita Falls, TX 76301-2392

Attn: Alfred B. Guinn or To Whom It May concern:

VIOLATION OF OIL CONSERVATION DIVISION RULES: 19.15.1.12, 1104.D & 1104.E

**RE: North Square Lake Premier Unit # 21, Located in Unit D, (660' FNL & 660' FWL),
Section 8 Township 16 South, Range 31 East, Eddy County, New Mexico, NMPM.
API # 30-015-04821
NMOCD Form C-104 (Request for Allowable and Authorization to Transport)**

Dear Alfred or To Whom It May Concern:

Earlier today in a phone conversation with one of your employees, it is apparent that your company refuses to comply with our rules and regulations of the New Mexico Oil Conservation Division (NMOCD).

That is the submittal of NMOCD Form C-104.

The above referenced well is to be **shut-in today** and the proper regulatory paperwork is to be submitted to this office on or before 12-12-2005. **In addition** any non-submittal or late regulatory forms that may be required in the future is considered a knowing and willful violation of NMOCD rules.

If this matter is not satisfactorily resolved in the time period set out above we may assess penalties against you for each violation of NMOCD rules, in accordance with NMSA 1978, Section 70-2-31(A). Section 70-2-31(A) authorizes penalties of up to \$ 1,000 per day per violation for any knowing and willful violation of any provision of the Oil and Gas Act or any rule adopted pursuant the Act. Alternatively, or in addition to the penalties the NMOCD may seek other remedies deemed appropriate for the situation.

Please call this office if you or any other member with your company has any questions,

Respectfully yours,

Bryan G. Arrant

PES

CC:

Mark Fesmire-Division Director-Santa Fe

Cheryl O'Connor,-Legal Bureau, Santa Fe

Daniel Sanchez-Enforcement & Compliance Manager, Santa Fe

Tim Gum-District Supervisor, Artesia

Well File