



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

25 January 2006

LETTER OF VIOLATION

C. E. LaRue and B. M. Muncy, Jr.
PO Box 1370
Artesia, NM 88211-1370

RE: VIOLATION OF OCD RULE 50

McClay GR No. 4	30-015-04568	I-34-18S-30E
McClay Federal No. 9	30-015-21608	G-33-18S-30E
Duval No. 1	30-015-22310	J-27-18S-30E
Duval A Federal No. 1	<u>30-015-22704</u>	H-27-18S-30E

Dear Mr. LaRue:

The Artesia District Office of the New Mexico Oil Conservation Division received a signed Form C-144 (Pit or Below-Grade Tank Registration or Closure) dated 1-24-06 (copy attached) for the closure of each of the wells listed above. The Form C-144 for each of these wells is denied.

On December 29, 2005, an inspection of these wells was conducted by the OCD. These inspections noted recent closure of the pits at these locations. A letter was sent to you on December 30, 2005, which required a Form C-144 be provided to the OCD District 2 Office prior to January 10, 2006.

On January 12, 2006, you met in the OCD District 2 Office with Mr. Van Barton and Mr. Chris Beadle of the OCD to discuss these pits. During this meeting the OCD required that the pits be closed per Rule 50 and that a Form C-144 would need to be submitted for review along with a proposal to close the pits in accordance with OCD Rule 50. Per your request at this meeting, the OCD agreed to review an alternative plan or procedure that you would submit that would verify the contents of the closed pits and that those contents would not pose a risk to the environment. It was agreed that the Form C-144 would be submitted prior to January 20, 2006. On January 20, 2006, you called and asked for an extension to this deadline which was granted until January 24, 2006.

The Form C-144 you submitted on January 24, 2006, are being denied since neither of these proposals have been received. **An acceptable Form C-144 meeting the closure requirements of Rule 50 must be received prior to February 2, 2006. Work must be completed to close these pits per Rule 50 not later than February 15, 2006.**

If this matter is not satisfactorily resolved in the time period set out above we may assess penalties against you for each violation of OCD Rules, in accordance with NMSA 1978, Section 70-2-31(A). Section 70-2-31(A) authorizes penalties of up to \$1,000.00 per day per violation for any knowing and willful violation of any provision of the Oil and Gas Act or any rule adopted pursuant to the Act. Alternatively or in addition to the penalties the OCD may seek other remedies deemed appropriate for the situation.

OCD District 2 Office