

## NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor
Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.
Director
Oil Conservation Division

7 December 2005

## **LETTER OF VIOLATION**

Chi Operating Inc. P. O. Box 1799 Midland, Texas 79702

Certified Mail

Return Receipt: 7001 1940 0001 9971 3846

VIOLATION OF OCD RULES: 19.15.3.107.I

19.15.3.111.B 19.15.13.1103.D 19.15.13.1105.A

Dear Sir or Madam:

On multiple occasions Bryan Arrant has spoken with Chi Operating personnel about forms that have been submitted. On these occasions Mr. Arrant apprised you of the information that was not submitted. OCD Rule requires this information.

Attached to this Letter of Violation are forms that have been submitted. These forms do not meet the minimum requirements of OCD Rules 19.15.3.107, 19.15.3.111, 19.15.13.1103, and 19.15.13.1105. Please note the highlighted areas where information was not submitted. Chi must re-submit these forms with all of the information required. These forms must be in this office on or before 12-12-2005.

Any forms completed and dated by Chi Operating five days after the receipt of this letter must meet all requirements of OCD Rules 19.15.3.107, 19.15.3.111, 19.15.13.1103, and 19.15.13.1105 for information and timeliness. Incomplete or late forms received in this office after that date will be considered a knowing and willful violation of OCD 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 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.

Van Barton Field Supervisor

See Attachments By

cc: Tim Gum, Artesia District Supervisor

Bryan Arrant, Artesia District

Well file

<ul> <li>Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.</li> <li>Print your name and address on the reverse so that we can return the card to you.</li> <li>Attach this card to the back of the mailpiece, or on the front if space permits.</li> <li>Article Addressed to:</li> </ul>	A. Signature  Agent Addresse  R. Received by Y Printed Name)  C. Date of Deliver  1 - 30 000  D. Is delivery address different from item 1?  Yes  If YES, enter delivery address below:
CHI OPERATING INC	
PO BOX 1799 MIDLAND TX 79702	3. Service Type  Certified Mail
	Certified Mail
	☐ Certified Mail ☐ Express Mail ☐ Registered ☐ Return Receipt for Merchandis ☐ Insured Mail ☐ C.O.D.  4. Restricted Delivery? (Extra Fee) ☐ Yes

Submit 3 Copies To Appropriate District Office	State of New Mexico		Form C-10
District I	Energy, Minerals and Natural Resources		May 27, 20
1625 N. French Dr., Hobbs, NM 88240 District II			WELL API NO. 30-015-33493
1301 W. Grand Ave., Artesia, NM 88210		TION DIVISION	5. Indicate Type of Lease
District III 1000 Rio Brazos Rd., Aztec, NM 87410		t. Francis Dr.	STATE FEE
District IV	Santa Fe, 1	NM 87505	6. State Oil & Gas Lease No.
1220 S. St. Francis Dr., Santa Fe, NM 87505			
	ICES AND REPORTS ON V	WELLS	7. Lease Name or Unit Agreement Name
(DO NOT USE THIS FORM FOR PROPO			PEACEKEEPER
DIFFERENT RESERVOIR. USE "APPLI PROPOSALS.)	CATION FOR PERMIT" (FORM C	2-101) FOR SUCH	
1. Type of Well: Oil Well	Gas Well 🛛 Other	DECEMEN	8. Well Number 1
2. Name of Operator		RECEIVED	9. OGRID Number
CHI OPERATING, INC		JUN 1 3 2005	004378 10. Pool name or Wildcat
3. Address of Operator PO BOX 1799 MIDLAND, TX	70702	OCU-AHTEDIA	10. Pool name or windcat
	17102		
4. Well Location	1650 foot from the SC	NETH time and 000	fact from the EAST line
		OUTH line and 990	feet from theEASTline
Section 26 Tov	vnship 22S Range	27E NMPM ED her DR, RKB, RT, GR, etc.	
Pit or Below-grade Tank Application	·	3349	
		st fresh water well Dis	tance from nearest surface water
•	<del></del>	<del></del>	enstruction Material
Pit Liner Thickness: mil			
12. Check	Appropriate Box to Indi	cate Nature of Notice,	Report or Other Data
NOTICE OF IN	NTENTION TO:	SUB	SEQUENT REPORT OF:
PERFORM REMEDIAL WORK		☐ REMEDIAL WOR	_
TEMPORARILY ABANDON		COMMENCE DR	ILLING OPNS. P AND A
PULL OR ALTER CASING	MULTIPLE COMPL	☐ CASING/CEMEN	T JOB 🛛
OTHER:	•	OTHER:	Г
	oleted operations (Clearly st		d give pertinent dates, including estimated c
of starting any proposed w	ork). SEE RULE 1103. For	Multiple Completions: At	tach wellbore diagram of proposed complet
or recompletion.			
			d w/700 sks 10% salt+1# LCM+15%GEL, 2
			temp survey, cmt @ 400'. Ran 1", & tgd @
			377', pmpd 100 sks "C"+2% CaCl2. Tgd @, cut off & NUBOPE, tstd to 5000#-ok., Dr
out cmt & plug & tstd csg to 1500#	-30 mins-ok. Resumed drilli	ng 03:30 hrs 5/22/05.	the off the modern E, take to sooom ok., Dr.
			e and belief. I further certify that any pit or belo
grade tank has been/will be constructed or	closed according to NMOCD gui	idelines [], a general permit []	or an (attached) alternative OCD-approved plan
SIGNATURE:	TI Chuul	TLE:	DATE 6/7/05
Type or print name: JOHN W. WO	CF E-mail addre	css:	Telephone No: 432-685-5001
For State Use Only			
ADDDOVED BY:	A 64 (EVE)	TIE	DATUN 1 5 2005
APPROVED BY: Conditions of Approval (if any):	R RECORDS ONLY	_	
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District III	1220 South St. Francis Dr.	5. Indicate Type of Lease STATE FEE
1000 Rio Brazos Rd., Aztec, NM 87410	Santa Fe, NM 87505	6. State Oil & Gas Lease No.
<u>District IV</u> 1220 S. St. Francis Dr., Santa Fe, NM	banta i e, i iii e o o o o	o. State on & das Lease No.
87505		
	ICES AND REPORTS ON WELLS SALS TO DRILL OR TO DEEPEN OR PLUG BACK	7. Lease Name or Unit Agreement Name TO A PEACEKEEPER
	CATION FOR PERMIT" (FORM C-101) FOR SUCH	PEACERCEFER
PROPOSALS.)	Control M Outer	8. Well Number 1
1. Type of Well: Oil Well	Gas Well 🛛 Other	0. OCDID Number
2. Name of Operator CHI OPERATING, INC	RECEIVE	5. OGRID Number
3. Address of Operator	MAV 9.4.20	10 Deal name of Wildoot
PO BOX 1799 MIDLAND, TX	79702 MAY 2 4 20	03
4. Well Location	OCD-AHTE	Sir.
	650 feet from the SOUTH line and	1 990 feet from the EAST line
	vnship 22S Range 27E NMI	
Section 25 Tox	11. Elevation (Show whether DR, RKB, R	
	3349	
Pit or Below-grade Tank Application 🔲 o	r Closure	
Pit typeDepth to Groundw	aterDistance from nearest fresh water well_	Distance from nearest surface water
Pit Liner Thickness: mil	Below-Grade Tank: Volume	bbls; Construction Material
12 Check	Appropriate Box to Indicate Nature of	f Notice Report or Other Data
12. CHCCK	Appropriate Box to indicate reature of	1 110tice, Report of Other Data
NOTICE OF IN	ITENTION TO:	SUBSEQUENT REPORT OF:
NOTICE OF IN	PLUG AND ABANDON   REMEI	DIAL WORK ALTERING CASING [
PERFORM REMEDIAL WORK  TEMPORARILY ABANDON	PLUG AND ABANDON REMEI CHANGE PLANS COMM	DIAL WORK ☐ ALTERING CASING [ ENCE DRILLING OPNS. ☑ P AND A ☐
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PERFORM REMEDIAL WORK  TEMPORARILY ABANDON PULL OR ALTER CASING	PLUG AND ABANDON	DIAL WORK
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87505	ICES AND REPORTS ON V	WELLS	7. Lease Name or Unit Agreement Name		
(DO NOT USE THIS FORM FOR PROPE			PEACEKEEPER		
DIFFERENT RESERVOIR. USE "APPL	CATION FOR PERMIT" (FORM C	·			
PROPOSALS.)  1. Type of Well: Oil Well	Gas Well 🛛 Other	RECEIVED	8. Well Number 1		
2. Name of Operator	Cub Wess Za Cuses	NOV 1 0 2005	9. OGRID Number		
CHI OPERATING, INC			004279		
3. Address of Operator		JULI-AH I ESIA	10. Pool name or Wildcat		
PO BOX 1799 MIDLAND, TX	79702				
4. Well Location	turent t	CCATOR			
Unit Letter I:	1650 feet from the SC	OUTH line and 990	feet from the <u>EAST</u> line		
Section 26 Tox	vnship 22S Range		EDDY County		
	11. Elevation (Show wheth		etc.)		
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	<del></del>	4 6	Distance from a surface material		
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TEMPORARILY ABANDON		_ ,	DRILLING OPNS. P AND A		
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OTHER.		OT: 150	_		
OTHER:	pleted exerctions (Clearly of	OTHER:	and give pertinent dates, including estimated d		
of starting any proposed w or recompletion.	ork). SEE RULE 1103. For	Multiple Completions:	Attach wellbore diagram of proposed complet		
	gs. Ran (2847'-17#-P-110, 9	213'-17#-N-80). Cmt	d 1 <sup>st</sup> stage w/600 sks "H" lite+.4% FL-52+.25 p		
CF, 600 sks Super "C" Mod+.8% BA-10+.65% CD-32+.35% FL-52+.3% SMS. Opnd DV @ 4220' & circ 4 hrs. Cmtd 2 <sup>nd</sup> stage w/20					
sks "C"+4% gel+.25 pps CF, 50 sks	"C"+1% CaCl2+.25 pps CF	. ND, set slips, cut off,	NU "C" section. Released rig 6/29/05.		
*					
Thombs and the state of the sta					
grade tank has been/will be constructed or	. above is true and complete to closed according to NMOCD guid	0 the best of my know! telines □ a general nermi	edge and belief. I further certify that any pit or belo t [] or an (attached) alternative OCD-approved plan [		
	. 11	Comercial bernin	Committee of Deapproved plant		
SIGNATURE:	TI WAY TI	TLE:	DATE 7/11/05 .		
Type or print name: JOHN W. WO	LF E-mail addre	SS:	Telephone No: 432-685-5001		
For State Use Only			NOV 1 2 200		
APPROVED BY:	CORDS ONLY TIT	TLE .	DATE DATE		
Conditions of Approval (if asp):	CONTO WINE!				
Tocas					
not re	production ca perted and how	sing			

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