



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

May 1, 2006

Joe L. Tarver
2807 74th Street, Suite # 1
Lubbock, TX 79423

**Re: Russell 'C' 7Y, API# 30-015-00641
Unit O, Sec. 35, Township 17 South, Range 27 East, 395' FSL & 1622' FEL
Eddy County, New Mexico.**

Dear Mr. Tarver or To Whom It May Concern,

A review of Oil Conservation Division (OCD) records indicates that the well identified above is in violation of the following OCD rules:

- 19.15.1.14 NMAC. Operator has not filed the appropriate "sundry notices and reports on wells" (BLM form No. 3160-5) or "well completion or re-completion report and log" (BLM form No. 3160-4). The OCD accepts these federal forms in lieu of state form for wells on federal lands in New Mexico. See 19.15.13.1128.A NMAC.
- 19.15.13.1104 NMAC. Operator has not filed a form C-104, "Request for Allowable and Authorization to Transport Oil and Natural Gas."

A site inspection of the above described well conducted on 4-7-06 revealed an open pit at the site with hydrocarbons present. OCD records show no permit for this pit. The well identified above is therefore also in violation of the following OCD rules:

- 19.15.2.50 NMAC. Operator has not obtained a permit for the pit at the site, and OCD records do not show the grant of an exception to the pit requirement.
- 19.15.2.50.C (2)(e) NMAC. No measurable or visible layer of oil may be allowed to accumulate or remain anywhere on the surface of any pit.
- 19.15.2.50.C (2)(f) NMAC. All pits shall be fenced or enclosed.

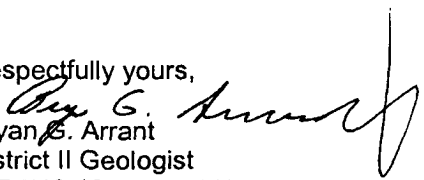
If you would like to review these rules for a more complete understanding of what is required, please go to our web-site: (<http://www.emnrd.state.nm.us/ocd>).

Continued operation of the well in violation of OCD rules may subject you to a penalty of \$1000 per day, per violation. See NMSA 1978, Section 70-2-31

Please contact the Artesia District Office of the OCD immediately to take the actions necessary to bring the well into compliance. If we do not hear from you within 15 days of the date of this letter, the OCD will file an application for hearing to obtain an order assessing civil penalties and/or requiring you to plug and abandon the identified well.

(cont.)

Respectfully yours,


Bryan S. Arrant

District II Geologist

505-748-1283 ext. 103

CC: Mark Fesmire, Division Director-Santa Fe
Bureau of Land Management-Roswell
Gail MacQuesten, Legal Council-Santa Fe
Tim Gum, District II Supervisor-Artesia
Well File