



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON

Governor

Betty Rivera

Cabinet Secretary

Lori Wrotenbery

Director

Oil Conservation Division

12 April 2002

Slayton Resources Inc.
P.O. Box 2035
Roswell New Mexico 88202-2035

RE: Diablo State # 3 O-16-10-27 API 30-005-60348 Violation of Rule 201:
Idle Well

Dear Sirs:

This second directive is to notify you that this well is still in violation of Rule 201.

On 1 March, 2002 a letter was sent notifying you on the violation of Rule 201. An inspection of the well on 4 March, 2002 found that the well was still idle.

201 WELLS TO BE PROPERLY ABANDONED

201.A. The operator of any well drilled for oil, gas or injection; for seismic, core or other exploration, or for a service well, whether cased or uncased, shall be responsible for the plugging thereof. [7-12-90...2-1-96]

201.B. A well shall be either properly plugged and abandoned or temporarily abandoned in accordance with these rules within ninety (90) days after:

- (1) A sixty (60) day period following suspension of drilling operations, or
 - (2) A determination that a well is no longer usable for beneficial purposes, or
 - (3) A period of one (1) year in which a well has been continuously inactive.
- [7-12-90...2-1-96]

In the event that a satisfactory response is not received to this letter of direction by 30 April, 2002, further enforcement will occur. Such enforcement may include this office applying to the Division for an order summoning you to a hearing before a Division Examiner in Santa Fe to show cause why you should not be ordered to permanently plug and abandon this well. Such a hearing may result in imposition of **CIVIL PENALTIES** for your violation of OCD rules.

Sincerely,

*Extended to 7-17-02
after phone call from
Paul Slayton 4-29-02
→ 623-7186*

Van Barton
Field Rep. II