



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON

Governor
Betty Rivera
Cabinet Secretary

Lori Wrotenberg

Director
Oil Conservation Division

16 September 2002

Via Certified Mail

McQuadrangle, LC
7008 Salem Avenue
Lubbock, Texas 79424

File
Copy

RE: NOTICE OF VIOLATION:
McQuadrangle, LC

South Red Lake Grayburg Unit # 6
South Red Lake Grayburg Unit # 18
South Red Lake Grayburg Unit # 21

NMOCD Rule 201

F-35-17-27 API# 30-015-00618
J-35-17-27 API# 30-015-00627
K-36-17-27 API# 30-015-01219

Ladies and Gentlemen:

This letter shall serve as a Notice of Violation of the rules of the New Mexico Oil Conservation Division.

All of these wells failed a MIT in 2000, and McQuadrangle, LC was notified verbally at that time. McQuadrangle, LC was by letters dated 4-19-2002 and 8-1-2002 notified about this matter. This certified letter is being sent in part because all directives have brought no response. Inspections in July and September of 2002 found no work had been done.

Rule 201 of the New Mexico Oil Conservation Division provides as follows:

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.

Your above referenced wells have remained inactive for a considerably longer time than allowed under this Rule. Your failure to respond to OCD directives and failure to bring these well into compliance are serious violations of the OCD Rules and merit a severe sanction, up to and including abandonment and plugging of these wells.

In the event that a satisfactory response is not received to this letter of direction by 18 October, 2002 further enforcement will occur. Such enforcement may include this office applying to the Division Director 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 these wells. Such a hearing may result in imposition of **CIVIL PENALTIES** for your violation of OCD rules.

Respectfully yours,

Tim Gum, District Supervisor, District II
cc: OCD Legal