



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

12/28/01

File Copy

Via Certified Mail

Saga Petroleum
415 West Wall Suite 1900
Midland, Texas 79701

RE: NOTICE OF VIOLATION: NMOCD Rule 201.B
Saga Petroleum
West Henshaw Premier Unit # 1 L-2-16-30 API# 30-015-03818

Dear Sirs:

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

Saga Petroleum was by letters dated 5-04-2001, 9-05-2001, and 11-20-2001 notified about this matter. This certified letter is being sent in part because all directives have brought no response.

OCD's rules require that :

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.

In the event that a satisfactory response is not received to this **N.O.V.** by 15 January, 2002, this office will apply to the Division for an order showing cause why an appropriate Order permanently abandoning the above-referenced well and for appropriate penalties to be issued.

Respectfully yours,

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