

NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Betty Rivera
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Lori Wrotenbery
Director
Oil Conservation Division

11-Apr-02

C E LARUE & B M MUNCY JR
PO BOX 1370
ARTESIA, NM 88211-1370

NOTICE OF DIRECTION

Dear Operator:

A review of our records and recent inspection(s) indicate that the subject well(s) has been shut-in for an extended period of time. Rule 201 of the Rules and Regulation of the Oil Conservation Division provides that a well may be shut-in no longer than sixty days after suspension of drilling operations, upon determining that the well is no longer usable (e.g., a dry hole), or one year after last production. To comply with guidelines as established in the Rules and Regulations, corrective actions must be taken immediately and the situation brought into compliance.

The detail section below indicates preliminary findings and/or probable nature of the violation. This is a subjective determination based on one or more factors of the results of the inspection.

The following options are available:

1. Immediately restore the well(s) to production, injection or disposal as applicable.
2. Request 'Temporary Abandoned' status pursuant to Rule 203, which requires that you set a plug and conduct a mechanical integrity test.
3. Submit a proposal to 'Plug and Abandon' the well(s) pursuant to Rule 202, proceed with plugging procedures on a timely basis after the proposal has been evaluated, amended and/or approved.

To avoid further action, we request that you exercise one of the above options no later than the "Corrective Action" due date indicated below.

Please be advised that this Notice of Violation may be followed by an application for an order to Show Cause why the bond should not be forfeited, the well plugged and civil penalties assessed. Please notify this office at least 24 hours prior to any repair and/or plugging, subsequent mechanical integrity test, or to request TA status for the well(s).

IDLE WELL INSPECTION DETAIL SECTION

LEONARD 001	F-36-16S-29E	30-015-02818-00-0	Inspection No. iGEG0206526576
Inspection Date:	4/9/2002 9:23:21 AM	Corrective Action Due by:	5/13/2002
Type Inspection	Inspector	Violation?	*Significant Non-Compliance?
MIT Witnessed -	Gerry Guye	Yes	No
Comments on Inspection:	Idle well - Last reported injection August 1994.		
LEONARD 002	N-36-16S-29E	30-015-02821-00-0	Inspection No. iGEG0206526586
Inspection Date:	4/9/2002 9:00:28 AM	Corrective Action Due by:	5/13/2002
Type Inspection	Inspector	Violation?	*Significant Non-Compliance?
MIT Witnessed -	Gerry Guye	Yes	No
Comments on Inspection:	Idle well - Last reported injection November 1994		
DEKALB FEDERAL 001	P-31-16S-30E	30-015-03950-00-0	Inspection No. iGEG0206526605

Inspection Date: 4/9/2002 9:55:25 AM

Corrective Action Due by: 5/13/2002

Type Inspection

Inspector

Violation?

***Significant Non-Compliance?**

MIT Witnessed -

Gerry Guye

Yes

No

Comments on Inspection:

Idle well - Last reported injection February 1994. Since the production casing was not cemented to surface it is requested a valve be installed on the 5½ annulus in order to monitor the area behind the production casing. This valve should be plumbed to the surface with a valve above ground to facilitate setting a gauge for monitoring if necessary.

DEKALB FEDERAL 003

J-31-16S-30E

30-015-03952-00-0

Inspection No. iGEG0206526602

Inspection Date: 4/9/2002 9:52:49 AM

Corrective Action Due by: 5/13/2002

Type Inspection

Inspector

Violation?

***Significant Non-Compliance?**

MIT Witnessed -

Gerry Guye

Yes

No

Comments on Inspection:

Idle well - Last reported injection September 1994.

Thank you for your prompt attention to this matter and your efforts in helping to protect our environment and the infra-structure of the oil and gas industry.

Sincerely,

Tim Gum, District II, Supervisor

* Significant Non-Compliance events are reported directly to the U.S. Environmental Protection Agency, Region VI, Dallas, Texas.