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GARY E. JOHNSON

Governor  
Betty Rivera  
Cabinet Secretary

File  
Copy

G P II ENERGY, INC.  
PO BOX 50682  
MIDLAND TX 79710

8 August 2002

Via Certified Mail

G P II Energy, Inc.  
P.O. Box 50682  
Midland, Texas 79710

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

2. Article Number

(Transfer from service label)

PS Form 3811, August 2001

Domestic Return Receipt

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X *George Michell* ☐ Agent ☐ Address:

B. Received by (Printed Name)

*George Michell* C. Date of Delivery *8/8/02*

D. Is delivery address different from item 1? ☐ Yes ☐ No  
If YES, enter delivery address below:

3. Service Type

☒ Certified Mail ☐ Express Mail  
☐ Registered ☐ Return Receipt for Merchandise  
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☐ Yes

7001 1940 0001 9971 3372

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102595-01-M-250

RE: NOTICE OF VIOLATION: NMOCD Rule 19.15.9.703 and 19.15.9.705

G P II Energy, Inc.

Burnham Grayburg SA Ut #3	H-2-17-30	API# 30-015-04058
Featherstone # 5	C-2-17-31	API# 30-015-05034
Federal KK # 1	P-3-17-30	API# 30-015-20315
Federal Q # 1	D-3-17-30	API# 30-015-04068

Dear Sirs:

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

All of these wells failed a MIT in February 2000 and G P II Energy, Inc. was notified verbally at the Inc. was by letters dated 4 -5-2002, 5-31-2002, and 6-4-2002 notified about this matter. This certificate part because all directives have brought no response. The OCD is in receipt of C-103 forms dated 3 indicating work will be done "when rig becomes available". Inspections in July and August found n

Rule 19.15.9.703 of the New Mexico Oil Conservation Division provides as follows:

#### 19.15.9.703 OPERATION AND MAINTENANCE

A. Injection wells shall be equipped, operated, monitored, and maintained to facilitate periodic testing and to assure continued mechanical integrity which will result in no significant leak tubular goods and packing materials used and no significant fluid movement through vertical channels adjacent to the well bore.

B. Injection project, including injection wells and producing wells and all related surface facilities shall be operated and maintained at all times in such a manner as will confine the injected fluids to the interval or intervals approved and prevent surface damage or pollution resulting from leaks, breaks, or spills.

C. Failure of any injection well, producing well, or surface facility, which failure may endanger underground sources of drinking water, shall be reported under the "Immediate Notification" procedure of Rule 116.

D. Injection well or producing well failures requiring casing repair or cementing are to be reported to the Division prior to commencement of workover operations.

E. Injection wells or projects which have exhibited failure to confine injected fluids to the authorized injection zone or zones may be subject to restriction of injection volume and pressure, or shutin, until the failure has been identified and corrected.

[7-1-81...2-1-96; 19.15.9.703 NMAC - Rn, 19 NMAC 15.1.703, 11-30-00]