



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Betty Rivera
Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

File Copy

10 May 2002

Mack Energy Corp.
P.O. Box 960
Artesia, New Mexico 88211-0960

RE: Blue Streak Federal # 1

I-29-17-29

API 30-015-30543

This is your third letter of direction informing you the well is in violation of Rule 201.

Dear Sirs:

You were notified by letters dated 3-7-2002 and 4-19-2002 on the violation of Rule 201. The letter of 4-19-2002 stated the violation of Rule 201 with a typographical error, which said "well identification". I apologize for any inconvenience this may have caused. 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.

[7-12-90...2-1-96]

In the event that a satisfactory response is not received to this letter of direction by 10 June, 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,

Van Barton
Field Rep. II