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GARY E. JOHNSON

Governor

Betty Rivera
Cabinet Secretary

30 May 2002

Via Certified Mail

C F M Oil Co.
P.O. Box 1176
Artesia, New Mexico 882

RE: NOTICE OF VIOLATION: NMOCD Rule 201
C F M Oil Co.
Egger # 1 G-22-18-26 API# 30-015-00220

Dear Sirs:

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

You were notified of this matter by letters dated 11-05-2001 and 3-11-2002. A Form C-103 was approved on 3-8-2002. A new deadline was set as 3-31-2002. An inspection on 5-10-2002 found no work had been done. This certified letter is being sent in part because all of the foregoing directives have brought no response.

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

In the event that a satisfactory response is not received to this letter of direction by 30 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.

Respectfully yours,

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

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:

C F M Oil Co.
P.O. Box 1176
Artesia, New Mexico 88210

2. Article Number

(Transfer from servit

7001 1940 0001 9971 3327

PS Form 3811, August 2001

Domestic Return Receipt

102595-01

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

☐ Agent

☐ Addressee

B. Received by (Printed Name)

C. Date of Delivery

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

3. Service Type

☐ Certified Mail

☐ Express Mail

☐ Registered

☐ Return Receipt for Merchandise

☐ Insured Mail

☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☐ Yes