



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Betty Rivera
Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

4 November 2002

Via Certified Mail

Sandlott Energy
P. O. Box 711
Lovington, New Mexico 88260

RE: NOTICE OF VIOLATION: NMOCD Rule 201 Inactive Well
Welch Duke # 1 F-28-18-28 API# 30-015-02080

Ladies and Gentlemen:

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 8-21-2002 and 9-27-2002. 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 wells have 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 and merit a severe sanction, up to and including abandonment and plugging as well as civil penalties. In the event that this well is not brought into compliance **on or before December 5, 2002** this third and **final Notice of Violation** precedes a request to the Division that you be summoned to a hearing in Santa Fe to **Show Cause why this well should not be plugged and civil penalties assessed.**

Respectfully yours,

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