NEW I NA	item 4 if Restricted Delivery is desired.	COMPLETE THIS SECTION ON DELIVERY  A. Signature  (X Agent Addressee B. Received by (Printed Name) C. Date of Delivery
GARY E. JOHNSON Governor Betty Rivera Cabinet Secretary	or on the front if space permits.  1. Article Addressed to:  SANDLOT ENERGY PO BOX 711	N.     DREWER     11/b/o2_       D.     Is delivery address different from item 1?     Yes       If YES, enter delivery address below:     □     No
4 November 2002	LOVINGTON NM 88260	3. Service Type
Via Certified Mail		Registered     Return Receipt for Merchandise     Insured Mail     C.O.D.
Sandlott Energy		4. Restricted Delivery? (Extra Fee)
P. O. Box 711 Lovington, New Mexico 8826	2. Article Nu (Transfer f 7001 1940 0001 9971	3471
2012800, 200 0020	PS Form 3811, August 2001 Domestic Ret	urn Receipt 102595-01-M-250
RE: NOTICE OF VIOLA Welch Duke		

Ladies and Gentlemen:

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

20-1-11

You were notified of this matter by letters dated 8-21-2002 and 9-27-2002. This certified letter is bein 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 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 accordar 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 <u>on or before December 5, 2002</u> this third and <u>final Notice of Violation</u> precedes a request to the Division that you be summoned to a hearing in Santa Fe to <u>Show Cause why this well should not be plugged and civil penalties assessed</u>.

Respectfully yours,

Im W. Kum

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



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Tuesday, December 10, 2002

01:13:54 PM	12:25:45 PM	11:51:00 AM		11:30:31 AM	10:45:06 AM	10:01:24 AM	Time Performed	Inspector: Trip Date:
Comments:       Location cleaned. Compliance closed.       Compliance Verification       No         00:48:09       (hrs)       30-015-04057-00-00       BURNHAM GRAYBURG SAN ANDRES UNIT 002       CBS OPERATING CORP         Comments:       Spill cleaned up. Compliance closed       Compliance Verification       No	Comments: No action taken to install well sign. 00:34:45 (hrs) 30-015-24441-00-00 TRAVIS D FEDERAL 020	4/01. 00:20:29 (hrs) 30-015-25371-00-00 THOMAS STATE 002	Comments: Well is capable of producing. Still no record of production since	Comments: A-OK. All Equipment and Location in Good Shape. 00:45:25 (hrs) 30-015-02080-00-00 WELCH DUKE STATE 001	Comments: A-OK. All Equipment and Location in Good Shape. 00:43:42 (hrs) 30-015-20894-00-00 WDW 002	01:41:24 (hrs) 30-015-27592-00-00 WDW 001	Elapsed Time API Well No	Inspector: Gerry Guye Trip Date: 12/10/2002 Additional Activities:
sed. BURNHAM GRAYBURG SAN ANE ed	n. TRAVIS D FEDERAL 020	THOMAS STATE 002	I no record of production since	on in Good Shape. WELCH DUKE STATE 001	on in Good Shape. WDW 002	WDW 001	Well Name and Number	Depart: 8:20:00 AM Return: 2:00:00 PM Total Field Time: 05:40
Compliance Verification No <b>RES UNIT 002</b> CBS OPERATING CORP Compliance Verification No	Compliance Verification No CBS OPERATING CORP	SANDLOTT ENERGY (JACK	Compliance Verification No	MIT Witnessed - Pressure T No SANDLOTT ENERGY (JACK	MIT Witnessed - Pressure T No NAVAJO REFINING CO. PI	NAVAJO REFINING CO. PI	Operator MIT	Beginning Miles: 62,068 Ending Miles: 62,159 Total Miles: 91
Oil (Producing) G 2 17 S 30 E Oil (Producing)	Oil (Producing) H 18 18 S 29 E	A 9 18S 28E	Oil (Producing)	Injection - (All Types) F 28 18 S 28 E	Injection - (All Types) E 12 18 S 27 E	31	ULSTR Purnose Well Type	Vehicle Number: 43973
> >	Α		Α	A *	Α		Status UIC?	b <b>er:</b> 43973

Summary for Trip Date: 12/10/2002 (6 Inspection records)

Total Hours: 04:53:54	
Total Non-UIC Hours: 02:28:48	
Total UIC Hours: 02:25:06	

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OIL CONSERVATION DIVISION State of New Mexico Energy, Minerals & Netural Resources Department 1220 South Saint Francis Drive

Santa Fe, NM 67565 OPERATOR'S MONTHLY REPORT

Instruction on Reverse Side
1 Amended Report Form C-115 First Page Revised October 17, 1993

District N

P. O. Drawer DD, Anesia, NM 48211-0719

District []]

1000 Ria Brazes, Aztec, NM 84710

P. O. Box 1980, Hobbs, NM 88241-1980

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