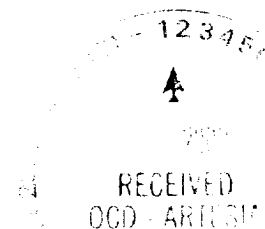




January 30, 2002

New Mexico Energy, Minerals and Natural Resources Dept.
Oil Conservation Division
1301 W. Grand
Artesia, NM 88210



Re: Ballard GSAU Tr. 10 #1
H-5-18-29
API # 30-015-03308

Attention: Tim Gum

Anadarko Petroleum Corporation received your letter dated January 18, 2002 regarding the above-referenced well being out of compliance. Anadarko intends to plug and abandon this well as soon as possible. Form C-103 and Form 3160-5 have been submitted. We anticipate this well will be plugged by February 28, 2002.

Thank you for your assistance in this matter. Please contact me at 915/683-0555 if you need any additional information.

Very truly yours,

A handwritten signature in black ink, appearing to read "R. N. Mueller".

R. N. Mueller
Sr. Staff Production Engineer



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON

Governor

Carol Leach

Acting Cabinet Secretary

Lori Wrotenbery

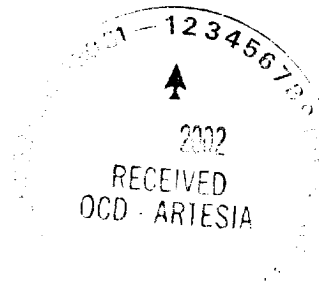
Director

Oil Conservation Division

1/18/02

Via Certified Mail

Anadarko Petroleum Corp.
P.O. Box 2497
Midland, Texas 79702



**RE: NOTICE OF VIOLATION: NMOCD Rule 19.15.9.703 OPERATION AND
MAINTENANCE**

Anadarko Petroleum Corp.
Ballard GSAU Tr. 10 # 1 H-5-18-29 API# 30-015-03308

Dear Sirs:

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

Anadarko Petroleum Corp. was by letters dated 5-7-1999, 12-1-1999, 11-20-2001 and 12-26-2001 notified about this matter. A verbal shut in and directive was also issued on 5-7-1999. This certified letter is being sent in part because all directives have brought no response.

OCD's rules require that all injection wells:

Whenever there is a continuous one year period of non-injection into any injection project, storage project, salt water disposal well, or special purpose injection well, such project or well shall be considered abandoned, and the authority for injection shall automatically terminate ipso facto. (rule 19.15.9.705 C 1)

Shall be equipped, operated, monitored, and maintained to facilitate periodic testing and to assure continued mechanical integrity which will result in no significant leak in the tubular goods and packing materials used and no significant fluid movement through vertical channels adjacent to the well bore. (rule 19.15.9.703)

OCD's rule state a well shall be either properly plugged and abandoned or temporarily abandoned in accordance with these rules within ninety (90) days after: a period of one (1) year in which a well has been continuously inactive. (rule 201.B 3)

Your failure to respond to OCD directives and failure to bring this well into compliance is a serious violation of the Rules and merit a severe sanction, up to and including abandonment and plugging.

In the event that this well is not brought into compliance on or before 22 February, 2002, this office will apply to the Division for an order showing cause why an appropriate Order permanently abandoning the above-referenced well and for appropriate penalties to be issued.

Respectfully yours,

Tim Gum, District Supervisor, District II

cc: OCD Legal