



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

16 November, 2001

Via Certified Mail

Sandlot Energy (Jackie Brewer DBA)
P.O. Box 711
Lovington, New Mexico 88260

RE: NOTICE OF VIOLATION: NMOC Rule 19.15.9.705

Sandlot Energy's Levers State #7 in Section 4, Township 18 South, Range 28 East, Unit N,
Eddy County New Mexico. API# 30-015-02575
Resler Yates State # 380 in Section 32, Township 18 South, Range 28 East,
Unit H, Eddy County New Mexico. API# 30-015-20215
Resler Yates State # 349 in Section 29, Township 18 South, Range 28 East,
Unit N Eddy County New Mexico. API# 30-015-10631

Dear Mr. Brewer,

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

Sandlot Energy was informed verbally on 4 August, 2000 that all three of these wells failed a MIT test, and you were directed to bring them into compliance. This certified letter is being sent in part because that directive and two previous Written 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 these wells into compliance are serious violations of the 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 NOV by 30 November, 2001, this office will apply to the Division for an order showing cause why an appropriate Order permanently abandoning the above-referenced wells and for appropriate penalties to be issued.

Respectfully yours,

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