

NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Betty Rivera
Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

*Field Inspection Program
"Preserving the Integrity of Our Environment"*

10-Oct-02

SANDLOTT ENERGY (JACKIE BREWER DBA)
PO BOX 711
LOVINGTON NM 88260-

Dear Operator:

The following inspection(s) indicate one or more violations as described in the detail section below. The inspection(s) indicates that the well, equipment, location or operational status failed to meet standards of the New Mexico Oil Conservation Division. To comply with standards imposed by Rules and Regulations of the Division, corrective action must be taken immediately and the situation brought into compliance. The detail section below indicates preliminary findings and/or probable nature of the violation. This determination is based on an inspection of your well or facility by an inspector employed by the Oil Conservation Division.

Please notify the proper district office of the Division of the date corrective actions are scheduled to be made so that arrangements can be made to reinspect the well and/or facility.

Please be advised that failure to comply with this directive will result in an application for an order to Show Cause why the Bond should not be forfeited, the well plugged and civil penalties assessed.

INSPECTION DETAIL SECTION

THOMAS STATE 002		A-9-18S-28E	30-015-25371-00-00			
Inspection			*Significant	Corrective		
Date	Type Inspection	Inspector	Violation?	Non-Compliance?	Action Due By:	Inspection No.
10/08/2002	Routine/Periodic	Mike Bratcher	Yes	No	11/11/2002	iMLB0228157989
Comments on Inspection:		No well sign. Violation Rule 103.				

HUMBLE THOMAS STATE 002		B-9-18S-28E	30-015-25372-00-00			
Inspection			*Significant	Corrective		
Date	Type Inspection	Inspector	Violation?	Non-Compliance?	Action Due By:	Inspection No.
10/08/2002	Routine/Periodic	Mike Bratcher	Yes	No	11/11/2002	iMLB0228143101
Comments on Inspection:		Well sign is not mounted. Violation Rule 103.				



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15 November 2002

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

RE: Thomas State # 2 A-9-18-28 API 30-015-25371 Violation of Rule 103:
Well Identification

Dear Sirs:

This second directive is to notify you that this well is still in violation of Rule 103.

On 10 October, 2002 a letter was sent notifying you on the violation of Rule 103. An inspection on 11-12-02 found no action had been taken.

Rule 202.B of the New Mexico Oil Conservation Division provides as follows:

103 SIGN ON WELLS

All wells and related facilities by the Division shall be identified by a sign, which sign shall remain in place until the well is plugged and abandoned and the related facilities are closed. For drilling wells, the sign shall be posted on the derrick or not more than 20 feet from the well. The sign shall be of durable construction and the lettering shall be legible and large enough to be read under normal conditions at a distance of 50 feet. The wells on each lease or property shall be numbered in non-repetitive, logical and distinctive sequence. An operator will have 90 days from the effective date of an operator name change to change the operator name on the well sign unless an extension of time, for good cause shown along with a schedule for making the changes, is granted. Each sign shall show the:

1. number of well;
2. name of property;
3. name of operator;
4. location by footage, quarter-quarter section, township and range (or Unit Letter can be substituted for the quarter-quarter section), and
5. API number.

In the event that a satisfactory response is not received to this letter of direction by 5 December, 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.

Sincerely,

Van Barton
Field Rep. II