



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Betty Rivera
Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

22 October 2002

Via Certified Mail

File
Copy

Jim Pierce
200 West First, Suite 859
Roswell, New Mexico 88203

RE: NOTICE OF VIOLATION: NMOCD Rule 203
Leonard State # 4 I-1-19-29 API# 30-015-03539

Dear Sirs:

I am in receipt of your letter dated 10-1-02 indicating the intention to activate the well. I had a conversation with Mr. Becker on 7-31-02 where he indicated you would TA the well.

This well must be brought into physical compliance on or before 30 November, 2002.

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 physical compliance **on or before November 30, 2002** this **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,

Van Barton, Field Rep. II
cc: OCD Legal

JIM PIERCE

OIL AND GAS PROPERTIES
SUITE 859
PETROLEUM BUILDING
200 WEST FIRST
ROSWELL, NEW MEXICO 88203

PHONE 505-622-7246
FAX 505-622-1711
EMAIL: jplandman@dfn.com

October 1, 2002

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

Attention: Mr. Gerry Guye, Compliance Officer

Re: Leonard State #4/API #30-015-03539
Section 1, T19S, R29E, NMPM
Eddy County, NM



Dear Mr. Guye:

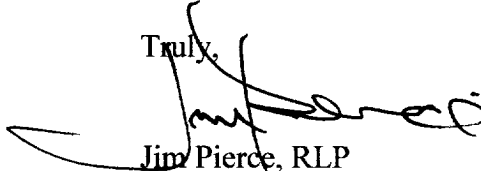
I am in receipt of your letter dated September 17, 2002 regarding non-compliance of the captioned well.

I provided previous correspondence to Morexco, Inc., the company presently handling the field operations for this well. I was under the impression that they had contacted you regarding same on my behalf.

We have made arrangements to reestablish subject well as a water injection well for the benefit of "Eastland Oil" in Midland, Texas, which has numerous water producing wells in the immediate area. The C-103 will be provided accordingly and we will do our best to get all equipment installed on or before the October 18, 2002 deadline imposed.

I appreciate your help and consideration in this matter.

Please contact me should you need additional information or have further instructions.

Truly,

Jim Pierce, RLP

JP

Xc: Morexco, Inc.



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Oil Conservation Division

29 July 2002

Jim Pierce
200 West First, Suite 859
Roswell, New Mexico 88203

RE: Leonard State # 4

(I-1-19-294) API 30-015-03539

Dear Sirs:

This directive is to notify you that this well is in violation of Rule 201.

On 17 June, 2002 a letter was sent notifying you the well was not in temporary abandonment status and could not be deemed as such until Rule 203 was satisfied. A MIT Test was scheduled for 6-12-2002 at 10:00 A.M.. A company representative did not show for the test.

Please contact Gerry Guye at the Artesia Office (505-748-1248) and schedule another date for the test. *Incorrect. -*
The test must be scheduled and performed on or before 15 August, 2002. If the test is not done by the date indicated the authority to inject will be withdrawn. If the authority is withdrawn and you wish to inject into the well in the future, the C-108 permitting process will have to be repeated.

In the event that a satisfactory response is not received to this letter of direction by 15 August, 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



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

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Oil Conservation Division

9/17/02

CERTIFIED MAIL

Jim Pierce
200 West First, Suite 859
Roswell, NM 88203

RE: Leonard State #4 (30-D15-03539) Lot 1 - Sec 1 IRS 29E

Dear Sir:

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

The referenced well has been inactive for more than one year and has not been plugged.

NMOCDD Rule 201 is quoted for your information:

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.

[7-12-90...2-1-96]

Your office was notified on June 17, 2002 and again on July 29, 2002 of this violation and as of this date this office has received no response from you. 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 October 18, 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,

Gerry Guye
Compliance Officer