

subsection, in the case of continuing violation, each day of violation shall constitute a separate violation..."

"B. It is unlawful, subject to a criminal penalty of a fine of not more than \$5,000 or imprisonment for a term not exceeding three years or both such fine and imprisonment, for any person to knowingly and willfully:

(1) violate any provision of the Oil and Gas Act or any rule, regulation or order of the commission or the division issued pursuant to that act;..."

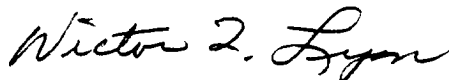
"C. For the purpose of subsection B of this section, each day of violation shall constitute a separate offense.

"D. Any person who knowingly and willfully procures, counsels, aids or abets the commission of any act described in subsection A or B of this section shall be subject to the same penalties as are prescribed therein."

Without quoting the entire provision, Section 70-2-32 authorizes the division, in addition to the above, to confiscate illegal gas or the proceeds derived therefrom.

Unless we receive, within seven days of your receipt of this letter, assurance that future purchases from the subject well will be fully in compliance with the rules, regulations and orders of this division, a hearing will be called for you to show cause why the well should not be shut in as required by our rules and Llano be subject to appropriate fines; or in the alternative at the discretion of the director, the matter will be referred to the Attorney General for action under the statutes quoted above.

Yours very truly,



VICTOR T. LYON,
Chief Engineer

VTL/dr

cc: Santa Fe Operating Partners, L.P.
Les Clements, Artesia District Office