



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Farmington District Office
1235 La Plata Highway
Farmington, New Mexico 87401

IN REPLY REFER TO:
NM SF-080373 (WC)
3162.3-2 and 3163.2 (07100)

30-045-21298

MAY 10 2002

CERTIFIED RETURN RECEIPT REQUESTED

7106 4575 1292 2684 3624

Mr. Gary Markestad
XTO Energy Inc.
2700 Farmington Ave., Bldg., K., Suite 1
Farmington, NM 87401

Dear Mr. Markestad:

Reference is made to our notice of violation letter dated December 27, 2001, (enclosed). That notice required XTO Energy Incorporated (XTO) to abate conducting subsequent well operations under 43 CFR 3162.3-2, without prior approval. You were further advised that continued failure to abate these type of violations would be subject to Civil Penalties pursuant to 43 CFR 3163.2.

On April 11, 2002, we received your Subsequent Report of the casing failure on the following well:

**No. 1 Hanson located 950' FNL and 1800' FEL, Sec. 6, T. 25 N., R. 10 W.,
Rio Arriba County, New Mexico on Federal Oil and gas Lease No. SF- 080373.**

This subsequent report outlined in detail, the casing repair operations conducted on this well. Based on this information, it appears that workover operations were commenced on February 23, 2002, with actual casing repair operations commencing on March 2, 2002, when cement was squeezed to repair casing leaks. Casing repair operations continued until March 8, 2002, when the cement was drilled out and the casing successfully pressure tested.

This office has no record of prior approval, written or verbal, being given to conduct casing repair operations. On April 15, 2002, Adrienne Garcia of this office, contacted Loren Fothergill of XTO who informed Ms. Garcia that this was an emergency repair operation and XTO failed to notify the BLM prior to commencing the repair work. Based on the foregoing, it appears that there was ample time to notify the BLM of the XTO plans to repair this well prior to commencing the actual casing repair operations. As such, you are in violation of 43 CFR 3162.3-2, Subsequent Well Operations, which requires prior approval before commencing casing repair operations. This is the third violation of this type that XTO has had. In addition, you are also in violation of 43 CFR 3163.2, Civil Penalties for failure to abate further violations as required by our letter of December 27, 2001. Copies of previously issued violations are enclosed for your reference.

Failure to abate the violation referenced in our December 27, 2001, letter carries a monetary penalty requirement under the civil penalty provisions. In order to correct this violation, you are hereby required to file an after the fact Notice of Intent to conduct casing repair operations pursuant to the requirements outlined above. A civil penalty is proposed of \$50 per calendar day beginning March 2, 2002, and continuing until this violation is corrected. This civil penalty is proposed pursuant to 43 CFR 3163.2 (g)(2)(iii).

If this violation remains uncorrected and/or if violations of this sort happen in the future, conduct of this manner will be considered a knowing and willful violation of these requirements and subject to further civil penalties and possible lease cancellation.

Under provisions of 43 CFR 3165.3, you may request an Administrative Review of the assessment described above. Such request, including all supporting documents, must be filed in writing within 20-business days of receipt of this notice and must be filed with the State Director, Bureau of Land Management (NM-93000), P. O. Box 27115, Santa Fe, New Mexico 87502-0115. Such request shall not result in a suspension of the order(s) unless the reviewing official so determines. Procedures governing appeals from instructions, orders or decisions are contained in 43 CFR 3165.4 and 43 CFR 4.400 *et seq.*

If you have any questions, please contact Jim Lovato at 505-599-6367 at your convenience.

Sincerely,

/s/ David J. Mankiewicz

David J. Mankiewicz
Assistant Field Manager for Minerals

2 Enclosures

- 1-Letter dated 6/25/99
- 2-Letter dated 12/27/01

cc:

NMOCD Aztec

bcc:

Well File

Suspense (Lovato/Mankiewicz)

DOMR

07100:JLovato:vb:5/08/02:x6367:Hanson1.wpd