

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

David Martin
Cabinet Secretary-Designate

Brett F. Woods, Ph.D.
Deputy Cabinet Secretary

Jami Bailey, Division Director
Oil Conservation Division



October 29, 2013

Certified Mail

Return Receipt #: 7006 3450 0000 0451 8650

Thomas Sikorski, President
Desert Rose Resort, LLS
DBA KOA Kampground
1900 E Blanco Blvd.
Bloomfield, NM 87413

**Re: Hare #1, Unit Letter O, Section 14, Township 29N, Range 11W,
API # 30-045-08185, San Juan County, New Mexico**

Dear Mr. Sikorski:

On March 18, 2013, the Oil Conservation Division (hereinafter OCD) responded to a public concern about fluid around the Hare #1 well. The OCD found water coming from the wellhead area and notified Desert Rose Resorts LLS (hereinafter Desert Rose) of the leak. On April 9, 2013, Desert Rose scheduled to excavate around the wellhead to identify the source of the leak. As a result of the excavation, a hole was discovered in the casing. Compliance Officer Monica Kuehling informed Desert Rose's onsite representative that a plan needed to be submitted to repair the casing.

To date no plan has been submitted and no repairs have been made. **This well is currently in violation with OCD Rule 19.15.16.11 DEFECTIVE CASING OR CEMENTING.**

19.15.16.11 DEFECTIVE CASING OR CEMENTING: If a well appears to have a defective casing program or faultily cemented or corroded casing that will permit or may create underground waste or contamination of fresh waters, the operator shall give written notice to the division within five working days and proceed with diligence to use the appropriate method and means to eliminate the hazard. If the hazard of waste or contamination of fresh water cannot be eliminated, the operator shall properly plug and abandon the well. [19.15.16.11 NMAC - Rp, 19.15.3.108 NMAC, 12/1/08]

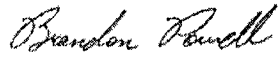
In order to protect fresh water, you are hereby directed to submit a remediation plan within 30 days and initiate remedial activity before December 29, 2013.

Desert Rose Resort LLS
Hare #1
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Notify the Aztec OCD 24 hours before work is initiated to arrange for the well work to be witnessed by an OCD Compliance Officer.

If you have any questions, please call me at 505-334-6178, ext. 116.

Sincerely yours,

A handwritten signature in cursive script, appearing to read "Brandon Powell".

Brandon Powell
Inspection and Enforcement Supervisor
OCD District III - Aztec

CC: Well File