



# NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

**BILL RICHARDSON**

Governor

**Joanna Prukop**

Cabinet Secretary

**Mark E. Fesmire, P.E.**

Director

**Oil Conservation Division**

September 26, 2006

Cheryl O'Connor, Assistant General Counsel  
Oil Conservation Division, NMEMNR  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505

Re: Petro Mex, LLC

Notice of Violation (03-06-39)

TRS-EVI #1, API #30-045-24448; Kirtland 14 #1, API #30-045-25922,  
Kirtland 18 #1, API #30-045-26203, are in active status, and  
Kirtland 18 #3, API #30-045-23736, Fruitland #1, API #30-045-24972,  
Kirtland #11, API #30-045-25306, are in P&A status.

Financial assurance: First Federal Bank - Farmington Bond # LOC124

Dear Cheryl:

On August 16, 2006, the New Mexico Oil Conservation Division issued Notice of Violation (3-06-39) (hereinafter, "NOV") to Petro Mex, LLC for OCD Rule violations on the above listed six wells.

The NOV required Petro Mex to contact me within ten (10) days to schedule an administrative conference to discuss the alleged violations. To date, Petro Mex has not responded to the NOV.

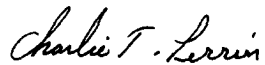
Therefore, I am requesting that you **schedule an enforcement hearing** before an OCD hearing examiner seeking an Order requiring that the plugged wells be brought into compliance (by completing remediation, etc., as required) and that the three active wells be plugged and abandoned, pursuant to NMSA 1978, section 70-2-14(B). That statute provides:

If any of the requirements of the Oil and Gas Act or the rules promulgated pursuant to that act have not been complied with, the oil conservation division, **after notice and hearing, may order any well plugged and abandoned** by the operator or surety or both in accordance with division rules. If the order is not complied with in the time period set out in the order, the financial assurance shall be forfeited. (Emphasis added.)

Cheryl O'Connor, Assistant General Counsel  
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If you have any questions, please call me at 505-334-6178, ext. 11.

Sincerely yours,



Charlie Perrin  
District III Supervisor

pc: Jesus Villalobos, Petro Mex, LLC  
Petro Mex, LLC  
P.O. Box 6724  
Farmington, New Mexico 87499

First Federal Bank - Farmington  
1501 San Juan BLVD  
Farmington, NM 87401

Daniel Sanchez, OCD Compliance Director  
Well file