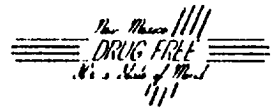




STATE OF NEW MEXICO

ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
AZTEC DISTRICT OFFICE



BRUCE KING
GOVERNOR

ANITA LOCKWOOD
CABINET SECRETARY

1000 RIO BRAZOS ROAD
AZTEC, NEW MEXICO 87410
(505) 334-6178

Certified Mail Receipt #P988786233

August 24, 1992

Kendall and Associates, Inc.
Attn. David Kendall
719 West Apache
Farmington, NM 87401

RE: Violations on the Hare #1, #2, #3 and #4 wells all located in G-23-29N-11W

Dear Mr. Kendall:

Kendall and Associates, Inc. was notified by telephone on July 16, 1992 of violations on the Hare #3 and #4 wells. No corrective action has been taken as of this date. The Kendall and Associates Hare #3 well has excessive and unnecessary oil staining about the wellhead, a partially filled chemical barrel is also on location. The worst stained material is to be removed from the wellhead area and either remediated on location or hauled to a commercial landfarm. The chemical barrel is to be removed and disposed of properly. The Kendall and Associates Hare #4 well has excessive oil around the wellhead which is to be removed and remediated or hauled to a landfarm. Stained material from a small spill at the separator is also to be remediated, not covered with clean material. Kendall and Associates Hare #1 and #2 wells were determined to be lacking proper well signs on August 17, 1992. Kendall and Associates has 30 days to correct the violations cited above or face fines of \$1,000 per day per violation from the date of this letter. If you have questions please feel free to contact this office.

Yours truly,

Denny G. Foust
Deputy Oil and Gas Inspector

XC: Operator file
Well files
DGF file