



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

26-Aug-04

ORBIT ENERGY INC

PO BOX 311

TATUM

NM 88267-

NOTICE OF VIOLATION - Inactive Well(s)

Dear Operator:

A review of our records and recent inspection(s) indicate that the subject well(s) has been shut-in for an extended period of time. Rule 201 of the Rules and Regulation of the Oil Conservation Division provides that a well may be shut-in no longer than sixty days after suspension of drilling operations, upon determining that the well is no longer usable (e.g., a dry hole), or one year after last production. To comply with guidelines as established in the Rules and Regulations, corrective actions must be taken immediately and the well(s) brought into compliance.

The detail section below indicates preliminary findings and/or probable nature of the violation.

The following options are available:

1. Immediately restore the well(s) to production, injection or disposal as applicable.
2. Request 'Temporary Abandoned' status pursuant to Rule 203, which requires that you set a plug and conduct a mechanical integrity test.
3. Submit a proposal to 'Plug and Abandon' the well(s) pursuant to Rule 202, proceed with plugging procedures on a timely basis after the proposal has been evaluated, amended and/or approved.

In the event that a satisfactory response is not received to this letter of direction by the "Corrective Action Due By:" date shown above, further enforcement will occur. Such enforcement may include this office applying to the Division for an order summoning you to a hearing before a Division Examiner in Santa Fe to show cause why you should not be ordered to permanently plug and abandon this well. Such a hearing may result in imposition of CIVIL PENALTIES for your violation of OCD rules.

IDLE WELL INSPECTION DETAIL SECTION

FARRELL FEDERAL 010	F-28-7S-33E	30-041-10446-00-00	Inspection No. iBEP0423950704
Inspection Date:	8/26/2004 2:04:50 PM	Corrective Action Due by:	9/30/2004
Type Inspection	Inspector	Violation?	*Significant Non-Compliance?
Pre-Operation	Billy Prichard	Yes	No
Comments on Inspection:	Review wellfile and compliance records. Last prs tst was in 1996. Well needs plugged, TA, or repaired and returned to service. Previous letters have written concerning the future of this well. Write plugging procedure to forward to OCD attorney.		
JAMES MCFARLAND 004	L-20-7S-33E	30-041-10567-00-00	Inspection No. iBEP0423951409
Inspection Date:	8/26/2004 2:16:38 PM	Corrective Action Due by:	9/30/2004
Type Inspection	Inspector	Violation?	*Significant Non-Compliance?
Pre-Operation	Billy Prichard	Yes	No
Comments on Inspection:	Review wellfile and compliance records. Last prs tst was in 1996. Well needs plugged, TA, or repaired and returned to service. Previous letters have written concerning the future of this well. Write plugging procedure to forward to OCD attorney.		

Oil Conservation Division * 1625 N. French Drive * Hobbs, New Mexico 88240
Phone: 505-393-6161 * Fax: 505-393-0720 * <http://www.emmrd.state.nm.us>

Before the OCD
Case 13373
OCD Ex. 7

Inspection Date: 8/26/2004 1:50:57 PM

Corrective Action Due by: 9/30/2004

Type Inspection

Inspector

Violation?

*Significant Non-Compliance?

Pre-Operation

Billy Prichard

Yes

No

Comments on Inspection:

Review wellfile and compliance records. Last prs tst was in 1995. Well needs plugged, TA, or repaired and returned to service. Previous letters have written concerning the future of this well. Write plugging procedure to forward to OCD attorney.

Thank you for your prompt attention to this matter and your efforts in helping to protect our environment and the infrastructure of the oil and gas industry.

Sincerely,



Hobbs OCD District Office

* Significant Non-Compliance events are reported directly to the U.S. Environmental Protection Agency, Region VI, Dallas, Texas.

U.S. Postal Service
CERTIFIED MAIL RECEIPT
 (Domestic Mail Only; No Insurance Coverage Provided)

Article Sent To:

Orbit Energy 1625 N.

Postage \$

Certified Fee

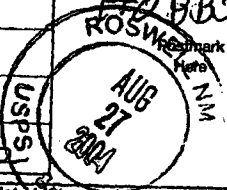
Return Receipt Fee
 (Endorsement Required)

Restricted Delivery Fee
 (Endorsement Required)

Total Postage & Fees \$

4.42

FRENCH DR
 H2 DBS



Name (Please Print Clearly) (To be completed by mailer)

Street, Apt. No.; or PO Box No.

City, State, ZIP+ 4

PS Form 3800, July 1999

See Reverse for Instructions

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Orbit Energy Inc
 P.O. Box 311
 Tatum, NAA
 350 N M 88269
 Michesano, N.M. 88125

2. Article Number (Copy from service label)

7099 3220 0001 9919 7402

PS Form 3811, July 1999

Domestic Return Receipt

102595-00-M-0952

COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly) B. Date of Delivery

Orbit Energy 7/11/01

C. Signature

X [Signature]

☒ Agent

☐ Addressee

D. Is delivery address different from item 1?

☐ Yes

If YES, enter delivery address below:

☐ No

3. Service Type

☐ Certified Mail

☐ Express Mail

☐ Registered

☒ Return Receipt for Merchandise

☐ Insured Mail

☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☐ Yes