



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Betty Rivera
Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

November 20, 2002

N. Dale Nichols
Attn: Jim Pierce
200 West First, Suite 859
Roswell, NM 88203

Re: Order No R-11859; Case No. 12862; N. Dale Nichols

Dear Mr Pierce:

Reference is made to your letter of November 18 to Director Lori Wrotenbery.

Be advised that the penalties assessed in Order No. R-11859 were for past non-compliance. This has been an on-going situation that began with notices from our Artesia district office in 1997. In my letter to Mr. Nichols in April of this year, I admonished that no penalties would be sought if the wells were brought into compliance prior to the date of the hearing. However, the hearing was on May 2, and from information in my files it does not appear that compliance was achieved by that date.

We of course appreciate Mr. Nichols bringing his wells into compliance, as this will prevent future problems for both the Division and Mr. Nichols. However, it does not vitiate the penalty assessment.

If Mr. Nichols wants administrative review of the penalty assessment, he may apply for a *de novo* hearing of the matter before the Oil Conservation Commission by filing a request (5 copies) with Florene Davidson, Division Administrator, on or before Thursday, December 5, 2002.

Should you have any questions, please call me at (505)-476-3450.

Very truly yours,

A handwritten signature in black ink, appearing to read "DA".

David K. Brooks
Assistant General Counsel

cc: Tim Gum, District Supervisor