



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

July 31, 2007

Kimlar Oil Co.
Attn: Becky or Lloyd Hill
913 E. Winkler
Kermit, TX 79745

Kimlar Oil Co.
Attn: Becky or Lloyd Hill
824 S. Avenue C
Kermit, TX 79745

Email address: hilhop@apex2000.net

Re: Agreed Order Directing Compliance and Assessing Civil Penalty No. 174 (ACO No. 174)

Dear Operator:

On April 10, 2007, you entered into an agreement with the Oil Conservation Division (hereinafter "OCD") regarding violations of OCD rules related to four wells: Gourley Federal No. 003 (API 30-015-22660), Gourley Federal No. 004 (API 30-015-22661), Gourley Federal No. 005 (API 30-015-23501), and Gourley Federal No. 006 (API 30-015-23707). Under the agreement, OCD waived one thousand dollars (\$1,000.00) of the five thousand dollars (\$5,000.00) fine on the condition that Kimlar "submits a remediation plan on the release at the Gourley Federal #003 well no later than April 20, 2007 and completes remediation within a reasonable time thereafter, not to exceed six (6) months." The agreement further provides, "If the work is not completed within the specified time, the **One Thousand Dollar** penalty shall automatically become due and owing and shall be paid immediately by Kimlar to the OCD."

No remediation plan has been submitted to date.

Please submit your remediation plan for the Gourley Federal No. 003 immediately. You have until October 20, 2007 (which is six months from April 20) to remediate the Gourley Federal No. 003. If you do not complete an OCD-approved remediation by October 20, 2007, then we will pursue enforcement of the agreement, including payment of the \$1,000.00 fine that was waived on condition that remediation occur within six months of submission of a remediation plan. We may also pursue additional enforcement action.

Kimlar Oil Company

Your prompt attention to this matter would be appreciated. Please feel free to call me at (505) 476-3463 or email me at ~~sonny.swazo@blm.gov~~ if you have any questions.

Sincerely yours,


Sonny Swazo
OCD Assistant General Counsel

cc: Daniel Sanchez, OCD Compliance and Enforcement Manager
Tim W. Gum, Supervisor, OCD District II
Mike Bratcher, OCD Compliance Officer
John Bramhall, Inspection and Enforcement Coordinator, BLM