



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Lori Wrotenbery

Director

Oil Conservation Division

10 March 2003

Morexco Inc.
P. O. Box 1591
Roswell, New Mexico 88202-1591

RE: Comet State # 1 I-1-17-28 API 30-015-24329 Violation of Rule 202:

Dear Sirs:

This second directive is to notify you that this well is still in violation of Rule 202.

On 28 January, 2003 a letter was sent notifying you on the violation of Rule 202. An inspection on 3-5-03 found no action had been taken.

Rule 202 of the New Mexico Oil Conservation Division provides as follows:

202.B. PLUGGING

(1) Before any well is abandoned, it shall be plugged in a manner which will permanently confine all oil, gas and water in the separate strata in which they are originally found. This may be accomplished by using mud-laden fluid, cement and plugs singly or in combination as approved by the Division on the notice of intention to plug. [1-1-50...2-1-96]

(2) The operator shall mark the exact location of plugged and abandoned wells with a steel marker not less than four inches (4") in diameter set in cement and extending at least four feet (4') above mean ground level. The operator name, lease name and well number and location, including unit letter, section, township and range, shall be welded, stamped or otherwise permanently engraved into the metal of the marker. No permanent structures preventing access to the wellhead shall be built over a plugged and abandoned well without written approval of the OCD. No plugged and abandonment marker shall be removed without the written permission of the OCD. [1-1-50...2-1-96; A, 3-31-00]

(3) As soon as practical but no later than one year after the completion of plugging operations, the operator shall:

(a) fill all pits;

(b) level the location;

(c) remove deadmen and all other junk; and

(d) take such other measures as are necessary or required by the Division to restore the location to a safe and clean condition.

[7-12-90...2-1-96]

In the event that a satisfactory response is not received to this letter of direction by 30 March, 2003, 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.

Sincerely,

Van Barton