

OCD-ARTESIA

Number 12JB118

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by

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

NOTICE OF INCIDENTS OF NONCOMPLIANCE

Identification
IID 30-015-02355
Lease NMLC050797
CA
Unit
PA

Bureau of Land Management Office CARLSBAD FIELD OFFICE	Operator APOLLO ENERGY LP
Address 620 E GREENE STREET CARLSBAD NM 88220	Address 4823 IHLES ROAD LAKE CHARLES LA 70605
Telephone 575-234-5994	Attention
Inspector BLAKLEY	Attn Addr

Site Name RUSSELL USA	Well or Facility 8	1/4 1/4 Section SWSW 13	Township 20S	Range 28E	Meridian NMP	County EDDY	State NM
Site Name	Well or Facility	1/4 1/4 Section	Township	Range	Meridian	County	State

THE FOLLOWING VIOLATION WAS FOUND BY BUREAU OF LAND MANAGEMENT INSPECTORS ON THE DATE AND AT THE SITE LISTED ABOVE

Date	Time (24 - hour clock)	Violation	Gravity of Violation
12/05/2011	12:00	43 CFR 3162.3-4 (a)	MINOR
Corrective Action To Be Completed By	Date Corrected	Assessment for Noncompliance	Assessment Reference
01/13/2012			43 CFR 3163.10

Remarks

43 CFR 3162.3-4 (a)
Recent field inspections indicate that the above well is shut-in (si) or temporarily abandoned (ta). The Bureau of Land Management (BLM) and Office of Natural Resources Revenue (ONRR) definition of a shut-in well is a completion that is physically and mechanically capable of (Remarks continued on following page(s).)

RECEIVED
DEC 09 2011
NMOCD ARTESIA

When violation is corrected, sign this notice and return to above address

Company Representative Title _____ Signature **Accepted for record**
Company Comments _____ **NMOCD**
Date _____

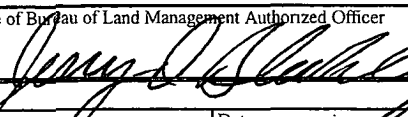
WARNING

Incidents of Noncompliance correction and reporting timeframes begin upon receipt of this Notice or 7 business days after the date it is mailed, whichever is earlier. Each violation must be corrected within the prescribed time from receipt of this Notice and reported to the Bureau of Land Management office at the address shown above. Please note that you already may have been assessed for noncompliance (see amount under "Assessment for Noncompliance"). If you do not comply as noted above under "Corrective Action To Be Completed By" you may incur an additional assessment under (43 CFR 3163.1) and may also incur Civil Penalties (43 CFR 3163.2). All self-certified corrections must be postmarked no later than the next business day after the prescribed time for correction.

Section 109(d)(1) of the Federal Oil and Gas Royalty Management Act of 1982, as implemented by the applicable provisions of the operating regulations at Title 43 CFR 3163.2(f)(1), provides that any person who "knowingly or willfully" prepares, maintains, or submits, false, inaccurate, or misleading reports, notices, affidavits, record, data, or other written information required by this part shall be liable for a civil penalty of up to \$25,000 per violation for each day such violation continues, not to exceed a maximum of 20 days.

REVIEW AND APPEAL RIGHTS

A person contesting a violation shall request a State Director review of the Incidents of Noncompliance. This request must be filed within 20 working days of receipt of the Incidents of Noncompliance with the appropriate State Director (see 43 CFR 3165.3). The State Director review decision may be appealed to the Interior Board of Lands Appeals, 801 North Quincy Street, Suite 300, Arlington VA 22203 (see 43 CFR 3165.4). Contact the above listed Bureau of Land Management office for further information.

Signature of Bureau of Land Management Authorized Officer 	Date 12/6/2011	Time 12:00		
FOR OFFICE USE ONLY				
Number 51	Date	Assessment	Penalty	Termination
Type of Inspection PI				

BLM Remarks, continued

production in paying quantities or capable of service use. The definition of a temporarily abandoned well is a completion that is not capable of production in paying quantities but which may have value as a service completion. According to field inspection the well referenced above has been shut-in or has been temporarily abandoned without authorization. 43 cfr 3162.3-4 (c) requires that wells incapable of production in paying quantities be promptly plugged and abandoned and requires approval for any well temporarily abandoned for more than 30 days.

THEREFORE YOU ARE TO DO THE FOLLOWING.

1. Submit notice of intent to plug and abandon this well.

Corrective action to be completed by the following time frames: 1/13/2012. Submit a sundry notice (form 3160-5, original and 5 copies) by 1/13/2012 and describe the proposed plugging program.

For monitoring and tracking purposes, please submit appropriate paperwork to this office attention: Jerry Blakley

Jerry D. Blakley
Petroleum Engineering Technician
Bureau of Land Management
620 East Greene Street
Carlsbad, NM 88220
Office: (575) 234-5994
Cell: (575) 361-0112
Fax: (575) 234-5927
E-mail: Jerry_Blakley@nm.blm.gov

43CFR 3162.3-4 Well abandonment.

(a) The operator shall promptly plug and abandon, in accordance with a plan first approved in writing or prescribed by the authorized officer, each newly completed or recompleted well in which oil or gas is not encountered in paying quantities or which, after being completed as a producing well, is demonstrated to the satisfaction of the authorized officer to be no longer capable of producing oil or gas in paying quantities, unless the authorized officer shall approve the use of the well as a service well for injection to recover additional oil or gas or for subsurface disposal of produced water. In the case of a newly drilled or recompleted well, the approval to abandon may be written or oral with written confirmation.

(b) Completion of a well as plugged and abandoned may also include conditioning the well as water supply source for lease operations or for use by the surface owner or appropriate Government Agency, when authorized by the authorized officer. All costs over and above the normal plugging and abandonment expense will be paid by the party accepting the water well.

(c) No well may be temporarily abandoned for more than 30 days without the prior approval of the authorized officer. The authorized officer may authorize a delay in the permanent abandonment of a well for a period of 12 months. When justified by the operator, the authorized officer may authorize additional delays, no one of which may exceed an additional 12 months. Upon the removal of drilling or producing equipment from the site of a well which is to be permanently abandoned, the surface of the lands disturbed in connection with the conduct of operations shall be reclaimed in accordance with a plan first approved or prescribed by the authorized officer.

[47 FR 47765, Oct. 27, 1982. Redesignated and amended at 48 FR 36583- 36586, Aug. 12, 1983, further amended at 53 FR 17363, May 16, 1988; 53 FR 22847, June 17, 1988]