



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Lori Wrotenbery

Director

Oil Conservation Division

10 March 2004

Chi Operating Inc.
P.O. Box 1799
Midland, Texas 79702

RE: SS "2" State # 1 F-2-15-28 API 30-005-63275 Violation of Rule 202:

Dear Sirs:

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

This well was plugged on 1-8-02. A letter was sent requesting notification when cleanup requirements were satisfied. To date no notification has been received. You are in violation of Rule 202.B.3.

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

202.B WELLS TO BE PROPERLY ABANDONED

(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.

In the event that a satisfactory response is not received to this letter of direction by 31 March, 2004, 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. Such a hearing may result in imposition of CIVIL PENALTIES for your violation of OCD rules.

Sincerely,

Van Barton
Field Rep. II