

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

Ken McQueen
Cabinet Secretary

Matthias Sayer
Deputy Cabinet Secretary

David Catanach
Division Director

Response Required - Deadline Enclosed

02-Jun-17

KC RESOURCES INC
P.O. BOX 6749
SNOWMASS VILLAGE CO 81615-

LETTER OF VIOLATION - Inactive Well(s)

Dear Operator:

A review of our records and recent inspection(s) indicate that the subject well(s) has been shut-in for an extended period of time. Rule 19.15.25.8 (3) **WELLS TO BE PROPERLY ABANDONED** of the Rules and Regulation of the Oil Conservation Division provides that a well may be shut-in no longer than sixty days after suspension of drilling operations, upon determining that the well is no longer usable (e.g., a dry hole), or one year after last production.

To comply with guidelines as established in the Rules and Regulations, corrective actions must be taken immediately and the well(s) brought into compliance.

The detail section below indicates preliminary findings and/or probable nature of the violation.

The following options are

1. Immediately restore the well(s) to production, injection or disposal as applicable. Submit Form C-103 stating how and when wells became active and monthly file electronically Form C-115
2. Request 'Temporary Abandoned' status pursuant to Rule 19.15.25.13 on Form C-103, which requires that you set a plug and conduct a mechanical integrity test
3. Submit a proposal to 'Plug and Abandon' the well(s) pursuant to Rule 19.15.25.9 on Form C-103 and, proceed with plugging procedures on a timely basis after the proposal has been evaluated, amended and/or approved

In the event that a "PLAN OF ACTION" is not received within thirty days of this letter and all compliance issues completed by the "Corrective Action Due By" date shown above, further enforcement will occur

IDLE WELL INSPECTION DETAIL SECTION

JONES D 001	H-13-18S-26E	30-015-00192-00-	Inspection No. iTWG1715140625
Inspection Date:	5/31/2017 11:17:01 AM		Corrective Action Due by: 9/3/2017
Type Inspection	Inspector	Violation?	*Significant Non-Compliance?
Routine/Periodic	Tim Gum	Yes	No
Comments on Inspection:	IDLE WELL. PJ.NO POWER /NO MOTOR. TBG, CSG & FLOWLINE VALVES CLOSED. MINOR WHS. LRP--1/09 . BTTY EQUIPMENT 5 TKS, 1 BELOW GRADE TK IN PLASTIC LINED PIT. & 1 HT as A SP. MINOR STAIN UNDER LOADIG LIN E. NOT CAPABLE OF PRODUCING. PICTURES TAKEN.		
PAUL TERRY ET AL GAS COM 002	H-15-18S-26E	30-015-10860-00-	Inspection No. iTWG1715136155

Inspection Date: 5/31/2017 10:02:31 AM

Corrective Action Due by: 9/3/2017

Type Inspection

Inspector

Violation?

*Significant Non-Compliance?

Routine/Periodic

Tim Gum

Yes

No

Comments on Inspection:

IDLE WELL. TBG VALVE CLOSED. METER RUN/ SALES LINE LOCATION 1200' SE OF LOCATION . BTTY EQUIPMENT ON LOCTION, WATER TK NO NET & SP. WELL CAPABLE OF PRODUCING. LOCATION OVER GROWN WITH WEEDS, MISC EQUIPMENT IN WEEDS ??AG AREA W/ FARM HOUSE & BARNS NEARBY. LRP-8/08. NO NET ON WATER TANK RULE 19.15.17.11 (E) VIOLATION . PICTURES TAKEN.

Thank you for your prompt attention to this matter and your efforts in helping to protect our environment and the infrastructure of the oil and gas industry.

Sincerely,



Artesia OCD District Office

* Significant Non-Compliance events are reported directly to the U.S. Environmental Protection Agency, Region VI, Dallas, Texas.