



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Lori Wrotenbery

Director

Oil Conservation Division

9/25/2003

JKM Energy
26 E Compress Rd.
Artesia, NM 88210

RE:

API WellNo	Well Nm	Well No	Wh Sec	Wh Twpn	Wh RngN
30015250120000	MUNCY FEDERAL	002	13	17	27
30015230830000	MUNCY FEDERAL	001	13	17	27

Dear Sirs:

This second directive is to notify you that this well is still in violation of Rule 201.

On August 21, 2003, a letter was sent notifying you of the violation of Rule 201. A search of the well file on September 24, 2003, found a form 3160-5 (Intent to Recomplete Well). This well must be in **physical compliance** by the date indicated below.

Rule 201 of the New Mexico Oil Conservation Division provides as follows:

201 WELLS TO BE PROPERLY ABANDONED

201.A. The operator of any well drilled for oil, gas or injection; for seismic, core or other exploration, or for a service well, whether cased or uncased, shall be responsible for the plugging thereof. [7-12-90...2-1-96]

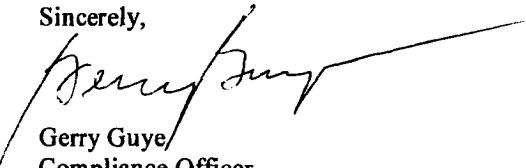
201.B. A well shall be either properly plugged and abandoned or temporarily abandoned in accordance with these rules within ninety (90) days after:

- (1) A sixty (60) day period following suspension of drilling operations, or
- (2) A determination that a well is no longer usable for beneficial purposes, or
- (3) A period of one (1) year in which a well has been continuously inactive.

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

In the event that a satisfactory response is not received to this letter of direction by October 27, 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,


Gerry Guye
Compliance Officer
NMOCD - District II