



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop
Cabinet Secretary

Lori Wrotenbery

Director

Oil Conservation Division

21 January 2003

File
Copy

Via Certified Mail

Klabzuba Oil & Gas Inc.
930 West First ST.
Ft Worth, Texas 76102

RE: NOTICE OF VIOLATION: NMOCD Rule 201 Inactive Well
White # 2 N-18-10-28 API# 30-005-10165

Ladies and Gentlemen:

This letter shall serve as a Notice of Violation of the rules of the New Mexico Oil Conservation Division.

Klabzuba Oil & Gas Inc. was by a Certified letter dated 11-20-2001 and a letter dated 8-2-2001 notified about this matter. A phone call to Cole Chandler on 11-27-2001 was placed where plugging of the well was discussed. On 12-14-2001 there was another call placed to Cole Chandler where the plugging was discussed again and the plugging procedure faxed to him. This certified letter is being sent in part because all directives have brought no response.

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.

Your above referenced wells have remained inactive for a considerably longer time than allowed under this Rule. Your failure to respond to OCD directives and failure to bring this well into compliance are serious violations and merit a severe sanction, up to and including abandonment and plugging as well as civil penalties. In the event that this well is not brought into compliance **on or before February 28, 2003** this third and **final Notice of Violation** precedes a request to the Division that you be summoned to a hearing in Santa Fe to **Show Cause why this well should not be plugged and civil penalties assessed.**

Respectfully yours,

Tim W. Gum

cc: Tim Gum, District Supervisor, District II
OCD Legal