



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Betty Rivera
Cabinet Secretary

File Copy

Lori Wrotenbery
Director
Oil Conservation Division

11 April 2002

Via Certified Mail

McKay Oil Corp.
P.O. Box 2014
Roswell, New Mexico 88201

RE: NOTICE OF VIOLATION: NMOCD Rule 201
McKay Oil Corp.
West Fork Fed. Unit # 4 K-32-4-22 API# 30-005-62821

Dear Sirs:

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

McKay Oil Corp. was notified about this matter by letters dated 11-30-2001 and 3-1-2002. This certified letter is being sent in part because previous directives have brought no response.

New Mexico Oil Conservation Division Rule 201 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 failure to respond to OCD directives and failure to bring this well into compliance with the foregoing provisions is a serious violation of the OCD Rules.

In the event that a satisfactory response is not received to this Notice of Violation (NOV) by 30 April, 2002, this office will apply 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.

Respectfully yours,

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