



NEW MEXICO ENERGY, MINES & LAND NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Betty Rivera
Cabinet Secretary

Lori Wrotenberg
Director
Oil Conservation Division

*Hold Action For
SALE AS Per Tim
Gum - 4-1-02*

11 March 2002

Via Certified Mail

7001 1940 0001 9971 2474

G P II Energy, Inc.
P.O. Box 50682
Midland, Texas 79710

RE: NOTICE OF VIOLATION: NMOCD Rule 201
G P II Energy, Inc.

North Square Lake Unit #22	D-29-16-31	API# 30-015-04905
North Square Lake Unit #20	B-30-16-31	API# 30-015-04936
North Square Lake Unit #33	E-30-16-31	API# 30-015-20701
North Square Lake Unit #111	B-33-16-31	API# 30-015-04979

Dear Sirs:

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

Yates Petroleum Corp. was by letters dated 10-29-2001 and 2-7-2002 notified about this matter. This certified letter is being sent in part because all directives have brought no response.

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, 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 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 these wells into compliance are serious and merit a severe sanction, up to and including abandonment and plugging.

In the event that a satisfactory response is not received to this N.O.V. by 31 March, 2002, this off Division for an order showing cause why an appropriate Order permanently abandoning the above-ref appropriate penalties to be issued.

Respectfully yours,

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