



New Mexico Energy, Minerals and Natural Resources Department

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Oil Conservation Division



June 27, 2011

Fulfer Oil & Cattle LLC
P O Box 1224
Jal, NM 88252

DENIAL OF REQUEST FOR ALLOWABLE AND AUTHORIZATION TO TRANSPORT

Re: Fulfer Oil & Cattle LLC, OGRID #141402

- West Lynch 30 Federal #1, API #30-025-28297, Lea County, New Mexico

Dear Operator

The Oil Conservation Division (OCD) **denies** your request for allowable and authorization to transport for the wells identified above because your company is out of compliance with 19.15.5.9(A) NMAC [Part 5.9(A)]. See 19.15.16.19(A)(4) NMAC.

Your company is out of compliance with Part 5.9(A) on the following ground(s):

_____ **Financial assurances.** Your company is in violation of the financial assurance requirements for well plugging set out in 19.15.8.9 NMAC. See 19.15.5.9(A)(1) NMAC. Specifically, your company [has not posted the required blanket financial assurance] [has not posted the single-well financial assurances required for state or fee wells which have been inactive for more than two years. The wells requiring single-well financial assurances are identified in the attached sheet.]

_____ **Corrective action.** Order _____, issued on _____ after notice and hearing, found your company to be in violation of an order requiring corrective action. See 19.15.5.9(A)(2) NMAC.

_____ **Unpaid penalties.** Your company has not paid the penalties assessed against your company in _____, issued on _____. More than 70 days have passed since the issuance of the order assessing the penalty. See 19.15.5.9(A)(3) NMAC.

Oil Conservation Division * 1220 South St. Francis Drive
* Santa Fe, New Mexico 87505

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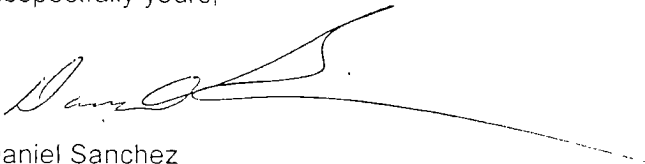


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XXXX Inactive wells. According to the attached inactive well list, your company has too many wells in violation of the inactive well rule (19.15.25.8 NMAC) that are not subject to an inactive well agreed compliance order. See 19.15.5.9(A)(4) NMAC. As an operator of 86 wells, your company may have no more than 2 wells in violation of the inactive well rule. Your company has 4 wells in violation of the inactive well rule. In addition,

I have enclosed an information sheet explaining the requirements of Part 5.9. You may re-submit your request after your company has returned to compliance with Part 5.9.

Respectfully yours,



Daniel Sanchez
OCD Compliance and Enforcement Manager

Ec: Jami Bailey, OCD Director
Larry "Buddy" Hill, OCD District 1 Supervisor
Randy Dade, OCD District 2 Supervisor
Charlie Perrin, OCD District 3 Supervisor
Ed Martin, OCD District 4 Supervisor
Cindy Herrera, Geological Petroleum Technician
Theresa Duran-Saenz, OCD Santa Fe
Sonny Swazo, OCD Assistant General Counsel-Santa Fe
