

State of New Mexico
Energy, Minerals and Natural Resources Department

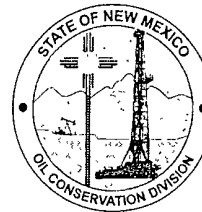
Susana Martinez

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Cabinet Secretary

Brett F. Woods, Ph.D.
Deputy Cabinet Secretary

Jami Bailey
Division Director
Oil Conservation Division



HOBBS OCD

MAR 29 2012

RECEIVED

March 29, 2012

Bettis Boyle & Stovall, Inc.
PO Box 1240
Graham, Texas 76450-1240

RESPONSE REQUIRED BY APRIL 20, 2012

Subject: Expired T/A Status, Active Wells with no production reported, and Request to Remediate Location

Dear Operator:

According to Oil Conversation Division (OCD) records, you are the operator of record of wells listed below. The last two columns indicate current well status and months since last reported production.

BM Justis A # 6	30-025-11664	Expired T/A	363 months
BM Justis B # 7	30-025-11669	Active	21 months
BT Lanehart # 1	30-025-11680	Expired T/A	291 months
BT Lanehart # 4	30-025-11681	Expired T/A	260 months
BT Lanehart # 5	30-025-11679	Expired T/A	214 months
BT Lanehart # 6	30-025-25588	Expired T/A	317 months

OCD rules require wells that have been inactive for more than one year plus ninety days to be plugged and abandoned, placed on approved temporary abandonment status, or returned to active status (19.15.25.8 NMAC). Please return the well(s) to compliance as soon as possible. If you are taking action to return the well(s) to compliance in the immediate future, please contact Daniel Sanchez, OCD Compliance & Enforcement Manager, at 505-476-3493 or Daniel.sanchez@state.nm.us. You may be able to avoid enforcement action.

If the OCD does not hear from you by April 13, 2012, the OCD will file applications for hearing to seek plugging orders for state or fee wells out of compliance with 19.15.25.8 NMAC that have been inactive for excessive periods of time. The OCD will seek an order requiring the operator to plug the well by a certain date, and authorizing the OCD to plug the well and forfeit any available financial assurance if the operator fails to comply.

If the well is not covered by a financial assurance or if the financial assurance is not sufficient to cover the OCD's plugging costs, the OCD may bring suit against the operator for indemnification. See NMSA 1978, Section 70-2-14(E).

In addition, a letter of violation issued to the State 20 # 1 in November of 2007 for remediation of a spill that occurred at the tanks and stack pack. A re-inspection of this location on March 8, 2012 indicates that no effort has been made to clean up and remediate this location. Contamination should be delineated horizontally and vertically followed by a remediation plan submitted to the District I office before May 1, 2012. (Pictures attached.)

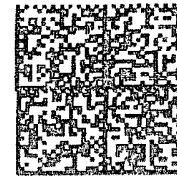
Please contact me if you have any questions concerning this issue.

EL Gonzales
District I Supervisor, 575-393-6161 (114)
CC: Santa Fe

Oil Conservation Division
1625 N. French Drive • Hobbs, New Mexico 88240
Phone (575) 393-6161 • Fax (575) 393-0720 • www.emnrd.state.nm.us/OCD

MAR 29 2012

EMNRD
OIL CONSERVATION DIVISION
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HOBBS NM 88240



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