

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

John H. Bemis
Cabinet Secretary

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

Jami Bailey
Division Director
Oil Conservation Division



May 8, 2012

Great Western Drilling
700 W. Louisiana
Midland, TX 79701

HOBBS OCD

MAY 08 2012

RECEIVED

RESPONSE REQUIRED BY MAY 22, 2012

Subject: SOUTH CARTER SAN ANDRES UNIT #102, N-S5-T18S-R39E
API NUMBER 30-025-07917-0000
FAILED UIC ANNUAL TESTING AS OF 1/8/2009
NO REPAIRS REPORTED AS OF 5/2/2012

Dear Operator:

According to Oil Conservation Division (OCD) records, you are the operator of record of the well referenced above.

On May 2, 2012 a bradenhead inspection was performed on the SCSAU #102. The test result has again shown this well to be out of compliance with UIC regulations. The well had originally failed on January 8, 2009. Your company was issued a letter on January 12, 2009 regarding the failed Pressure Test performed on January 8, 2009. As of May 2, 2012, no information has been received at the Hobbs District OCD office regarding your intentions on repairing the well.

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 to compliance as soon as possible. If you are taking action to return the well to compliance in the immediate future, please contact Elidio L. Gonzales, OCD District I Manager, at 575-393-6161 ext. 114 or ElidioL.Gonzales@state.nm.us. You may be able to avoid enforcement action.

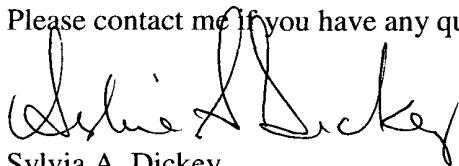
If the OCD does not hear from you by May 22, 2012, the OCD will file an application for hearing to seek plugging orders for state or fee wells out of compliance with 19.15.25.8 NMAC that have been inactive for excessive periods of time. The OCD will seek an order requiring the operator to plug the well by a certain date, and authorizing the OCD to plug the well and forfeit any available financial assurance if the operator fails to comply.

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

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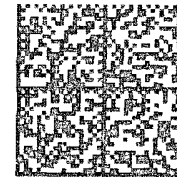
If the well is not covered by a financial assurance or if the financial assurance is not sufficient to cover the OCD's plugging costs, the OCD may bring suit against the operator for indemnification. See NMSA 1978, Section 70-2-14(E).

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

A handwritten signature in black ink, appearing to read "Sylvia A. Dickey". The signature is fluid and cursive, with the first name "Sylvia" and last name "Dickey" being clearly legible.

Sylvia A. Dickey
Compliance Officer
Hobbs, OCD District I Office

EMNRD
OIL CONSERVATION DIVISION
1625 N FRENCH DRIVE
HOBBS NM 88240



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