

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

David Martin
Cabinet Secretary

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

June 3,, 2014

Hal J Rasmussen Operating Inc.
223 W Wall Street, Suite 600
Midland, Texas 79701

HOBBS OCD

JUN 04 2014

RECEIVED

Jami Bailey
Division Director
Oil Conservation Division



RESPONSE REQUIRED BY June 19, 2014

Dear Operator:

According to Oil Conversation Division (OCD) records, you are the operator of record for the wells listed below:

Amoco Stone #1	30-025-27936
State E #22	30-025-02572
Wilson State #4	30-025-02578

According to production records these wells are producing **gas** only. The wells are classified as **oil wells**. **SHUT IN WELLS IMMEDIATELY**. Submit OCD District 1 Hobbs Office the following: C-102 showing the plat for Standard Proration Unit of 160 acres and a completed C-104. When forms have been received and approved and only with **APPROVAL** can the wells can be returned to production.

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 (Rule 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.

<u>Well Name and #</u>	<u>API #</u>	<u>Months since last production reported</u>
Amoco Stone #1	30-025-27936	94
Gecko 27 State #1	30-025-33021	94
Reed Estate #1	30-025-07258	98
State B #12	30-025-02541	59

If the OCD does not hear from you by June 19, 2014, the OCD will file applications for hearing to seek plugging orders for state or fee wells out of compliance with Rule 19.15.25.8 NMAC. The OCD will seek an order requiring the operator to plug the well(s) by a certain date and authorizing the OCD to plug the well and the operator will forfeit any available financial assurance if the operator fails to comply.

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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. NMSA 1978, Section 70-2-14(E).

When well(s) have been plugged and abandoned, the operator shall as soon as practical, but no later than one year from plug date: Install marker, remove anchors, level location, and remove all surplus or junk equipment. Submit C-103 Subsequent for Plugging and Abandonment to initiate inspection for release. Listed below is a well that has far exceeded the 12 months.

<u>Well Name and #</u>	<u>API #</u>	<u>Plugged</u>
State A #2	30-025-08467	12/28/2008

As operator you must take action to prevent future releases/spills at the **Reed Estate #1**. On May 21, 2014 a release was reported to the OCD District 1 office. This is the second release of this nature at this site. Previously, January 20, 2011 a similar release was reported. At this time, as the operator of record, you must take the necessary action to plug and abandon this well bore. Submit C-103 intent for approval to the OCD District 1, Hobbs, NM 88240. To date three (3) letters have been sent out requesting the well be returned to production or plugged and abandoned. This is your **FINAL NOTICE** to take action to plug and abandon this well.

Please contact myself or Daniel Sanchez 505-476-3493 if you have any questions concerning this issue.

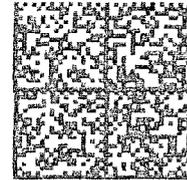
Sincerely,



Maxey G. Brown
District 1 Supervisor, 575-393-6161 ext. 102

Cc: OCD Santa Fe

EMNRD
OIL CONSERVATION DIVISION
1625 N FRENCH DRIVE
HOBBS NM 88240



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