

Mar Oil and Gas Corporation  
1611 SE 5<sup>th</sup>  
Seminole, TX 79360

RECEIVED

AUG 11 2008

HOBBS OGD

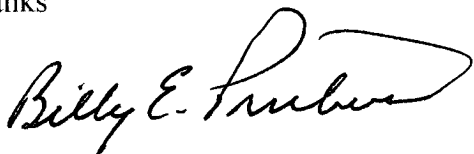
NMOCD  
1625 N. French Drive  
Hobbs, NM 88240

Attention: Buddy Hill


**RE: Letter of Violation dated 30-Jul-08**

Buddy, The MalMar Unit # 306 was returned to active injection service on July 29<sup>th</sup> of this year. The old injection line was replaced and the well was put back in service. The C115 should reflect the injection volumes starting in July, 2008

Thanks



Billy (Bill) E. Prichard  
Mar Oil and Gas Corporation  
575-390-9100

8-11-08  




# NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

**BILL RICHARDSON**

Governor

**Joanna Prukop**

Cabinet Secretary

**Mark E. Fesmire, P.E.**

Director

**Oil Conservation Division**

**\*Response Required – Deadline Enclosed\***

30-Jul-08

**MAR OIL & GAS CORP.**

1611 SE 5TH ST  
SEMINOLE TX 79360-

**LETTER OF VIOLATION - Inactive Well(s)**

Dear Operator:

A review of our records and recent inspection(s) indicate that the subject well(s) has been shut-in for an extended period of time. Rule 201 of the Rules and Regulation of the Oil Conservation Division provides that a well may be shut-in no longer than sixty days after suspension of drilling operations, upon determining that the well is no longer usable (e.g., a dry hole), or one year after last production. To comply with guidelines as established in the Rules and Regulations, corrective actions must be taken immediately and the well(s) brought into compliance.

The detail section below indicates preliminary findings and/or probable nature of the violation.

The following options are available:

1. Immediately restore the well(s) to production, injection or disposal as applicable.
2. Request 'Temporary Abandoned' status pursuant to Rule 203, which requires that you set a plug and conduct a mechanical integrity test.
3. Submit a proposal to 'Plug and Abandon' the well(s) pursuant to Rule 202, proceed with plugging procedures on a timely basis after the proposal has been evaluated, amended and/or approved.

In the event that a satisfactory response is not received to this letter of direction by the "Corrective Action Due By:" date shown above, further enforcement will occur. Such enforcement may include this office applying to the Division for an order summoning you to a hearing before a Division Examiner in Santa Fe to show cause why you should not be ordered to permanently plug and abandon this well. Such a hearing may result in imposition of CIVIL PENALTIES for your violation of OCD rules.

**IDLE WELL INSPECTION DETAIL SECTION**

<b>MALMAR UNIT 306</b>	<b>F-7-17S-33E</b>	<b>30-025-01310-00-00</b>	<b>Inspection No. iLWH0821235684</b>
<b>Inspection Date:</b>	<b>7/30/2008 9:54:05 AM</b>	<b>Corrective Action Due by: 11/2/2008</b>	
<b>Type Inspection</b>	<b>Inspector</b>	<b>Violation?</b>	<b>*Significant Non-Compliance?</b>
Routine/Periodic	Buddy Hill	Yes	No
<b>Comments on Inspection:</b>	Idle Well (Rule 201)..Last reported injection May 2006..Well needs to be T/A, P/A or put back in use..First Notice		