



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

13-Apr-10

RELIANCE ENERGY, INC.

500 WEST ILLINOIS, SUITE 1200

MIDLAND TX 79701-

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

FEDERAL D 002

J-31-9S-36E

30-025-03623-00-00

Inspection No. iSAD1010339257

Inspection Date: 4/13/2010 10:52:56 AM

Corrective Action Due by: 7/17/2010

Type Inspection

Inspector

Violation?

***Significant Non-Compliance?**

Bradenhead

Sylvia Dickey

Yes

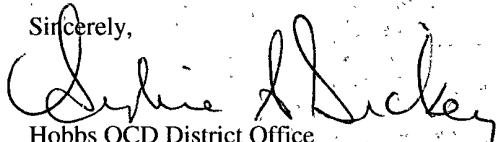
No

Comments on Inspection:

WELL IS STILL SHUT IN NOT IN USE; OPERATOR IS NOT PRODUCING WATER TO DISPOSE OR USE IN WELL; ****NOTE OPERATOR SHOULD EITHER TA, PA OR PLACE BACK IN SERVICE WELL HAS BEEN SHUT IN FOR OVER 12 MONTHS****. (GARY COTHRAN PUMPER 575-370-1398; SYLVIA IN REGULATORY 432-683-4816;

Thank you for your prompt attention to this matter and your efforts in helping to protect our environment and the infrastructure of the oil and gas industry.

Sincerely,

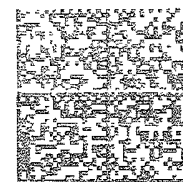


Hobbs OCD District Office

COMPLIANCE OFFICER

* Significant Non-Compliance events are reported directly to the U.S. Environmental Protection Agency, Region VI, Dallas, Texas.

E MNRD
OIL CONSERVATION DIVISION
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HOBBS NM 88240



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