

NEW MEXICO ENERGY, MINERALS NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor Jim Noel Cabinet Secretary Karen W. Garcia Deputy Cabinet Secretary 16-Dec-10

Mark E. Fesmire, P.E. Director

Oil Conservation Division

HAL J RASMUSSEN OPER INC

550 WEST TEXAS AVENUE SUITE 200 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 ther 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

N-13-21S-34E 30-025-02539-00-00 Inspection No. iMAW1035036739 Inspection Date: 12/16/2010 10:12:16 AM Corrective Action Due by: 3/21/2011 Type Inspection Inspector Violation? *Significant Non-Compliance? Routine/Periodic Mark Whitaker Yes Comments on Inspection: Idle Well (Rule 19.15.25.8). NEED TO RETURN TO PRODUCTION, TEST FOR T/A STATUS, OR PLUG & ABANDON WELL, No well sign (19.15.16.8), NEED TO INSTALL WELL SIGN, 1st notice. STATE E 022 K-23-21S-34E 30-025-02572-00-00 Inspection No. iMAW1035032153 Inspection Date: 12/16/2010 8:55:51 AM Corrective Action Due by: 3/21/2011 Type Inspection Inspector Violation? *Significant Non-Compliance? Routine/Periodic Mark Whitaker

WILSON STATE 004

Comments on Inspection:

KAISER STATE 010

I-23-21S-34E

PLUG & ABANDON WELL. 1st notice.

30-025-02578-00-00

Yes

Idle Well (Rule 19.15.25.8). NEED TO RETURN TO PRODUCTION, TEST FOR T/A STATUS, OR

Inspection No. iMAW1035032785

Inspection Date: 12/16/2010 9:06:21 AM

Corrective Action Due by: 3/21/2011

Type Inspection

Inspector

Violation?

*Significant Non-Compliance?

Routine/Periodic

Mark Whitaker

Yes

Comments on Inspection:

Idle Well (Rule 19.15.25.8). NEED TO RETURN TO PRODUCTION, TEST FOR T/A STATUS, OR

No

PLUG & ABANDON WELL. No well sign (19.15.16.8). NEED TO INSTALL WELL SIGN. 1st notice.

Inspection No. iMAW1035036419

STATE P 006

B-24-21S-34E

30-025-30334-00-00

Inspection Date:

12/16/2010 10:06:57 AM

Corrective Action Due by: 3/21/2011

Type Inspection

Inspector

Violation?

*Significant Non-Compliance?

Routine/Periodic

Mark Whitaker

Yes

No

Comments on Inspection:

Idle Well (Rule 19.15.25.8). NEED TO RETURN TO PRODUCTION, TEST FOR T/A STATUS, OR

PLUG & ABANDON WELL. 1st notice.

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

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

EMNRD OIL CONSERVATION DIVISION 1625 N FRENCH DRIVE HOBBS NM 88240



BDATRO9 SU

HAL J RASMUSSEN OPER INC 550 WEST TEXAS AVENUE SUITE 200 MIDLAND, TX 79701