

NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

Susana Martinez
Governor

John H. Bemis
Cabinet Secretary

Daniel Sanchez
Acting Division Director
Oil Conservation Division

Response Required – Deadline Enclosed

17-MAR-2011

PRIMERO OPERATING INC
PO BOX 1433
ROSWELL NM 88202

RECEIVED

MAR 23 2011

HOBBSUCD

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.

MAR 23 2011

IDLE WELL INSPECTION DETAIL SECTION

EIDSON A WN 004

K-26-16S-35E

30-025-21821-00-00

Inspection No. iMGB1107648755

Inspection Date: 8/13/2010 3:36:53 PM

Corrective Action Due by: 6/20/2011

Type Inspection

Inspector

Violation?

***Significant Non-Compliance?**

Routine/Periodic

Maxey Brown

Yes

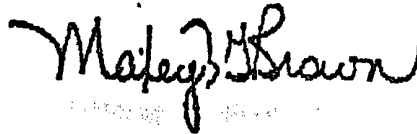
No

Comments on Inspection:

IDLE WELL. RULE 19.15.25.8. NEED TO RETURN WELL TO PROD. T/A OR P/A WELL. NO PRODUCTION REPORTED IN OVER 24 MONTHS. THIS IS 1ST LETTER OF NON-COMPLIANCE. MGB.

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,

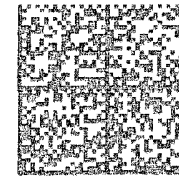
A handwritten signature in black ink, appearing to read "M. J. Brown".

Hobbs OCD District Office

COMPLIANCE OFFICER

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

EMNRD
OIL CONSERVATION DIVISION
1625 N FRENCH DRIVE
HOBBS NM 88240



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