



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
HOBBS DISTRICT OFFICE

GARREY CARRUTHERS
GOVERNOR

April 7, 1987

POST OFFICE BOX 1980
HOBBS, NEW MEXICO 88241-1980
(505) 393-6161

Quanico Oil & Gas, Inc.
P.O. Box 1714
El Darado, AR 71731

Attn: President

Re: Injection of Produced Water Without Authorization
Mac Federal #2-P
Section 6, T9S, R30E
Chaves County, NM

Gentlemen:

An inspection of the above-referenced well on April 6, 1987, indicates the well is being used for disposal of produced water. Our records do not indicate the well has been authorized for disposal purposes and you are hereby ordered to cease injection into the well immediately.

I further must advise you that you are in violation of Oil Conservation Division Rule 701 (A) and that you are subject to a \$1000 per day fine for such violation (70-2-31 Statutes Relating to Oil & Gas).

Prior to injecting into a well for disposal purposes you must obtain approval of the Oil Conservation Division by making application on Form C-108. I am enclosing some blank C-108 forms.

You are requested to contact me immediately upon receipt of this letter in order that we may discuss this matter further.

Very truly yours,

OIL CONSERVATION DIVISION

Jerry Sexton
Supervisor, District I

JS/ED

cc: Jeff Taylor --OCD Attorney
Bill LeMay --OCD Director
BLM
Well File