



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

25-Jul-05

HANSON ENERGY

PO BOX 1348

ARTESIA NM 88210

REQUEST FOR PRODUCTION REVIEW

Dear Operator:

A review of our records and recent inspections indicate that the subject wells may have 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.

The subject wells require a production test to verify method(s) of production being used on these wells. Please contact this office prior to August 15, 2005, to schedule production tests on the below listed wells:

WEST ARTESIA GRAYBURG UNIT 016

M-8-18S-28E

30-015-02641

Comments on Inspection:

No flowline, pumping equipment or other production equipment on site. OCD records show current production being reported as late as May 2005.

WEST ARTESIA GRAYBURG UNIT 022

L-8-18S-28E

30-015-23639

Comments on Inspection:

No flowline, pumping equipment or other production equipment on site. OCD records show current production being reported as late as May 2005.

WEST ARTESIA GRAYBURG UNIT 024

M-8-18S-28E

30-015-23724

Comments on Inspection:

No flowline, pumping equipment or other production equipment on site. OCD records show current production being reported as late as May 2005

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,

Artesia OCD District Office

Date: Friday, July 22, 2005

Subject: Hanson Energy, West Grayburg Units 16, 22, 24

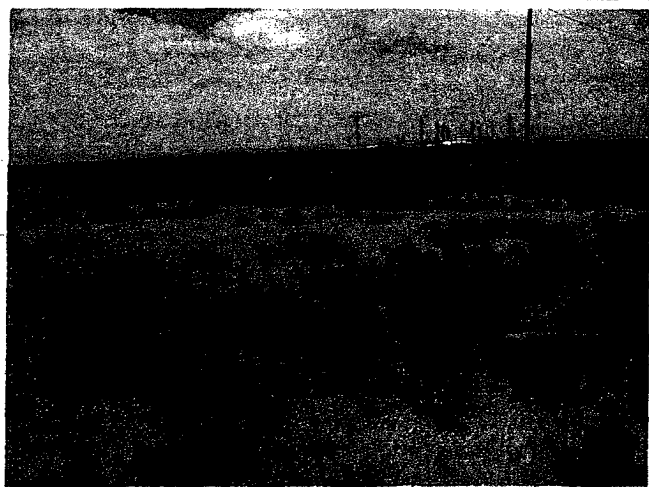


Photo of West Artesia Grayburg Unit 22, showing production as of May 2005.

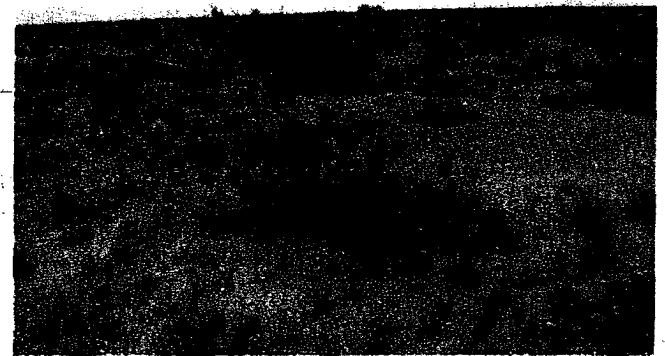


Photo of West Artesia Grayburg Unit 16, showing production as of May 2005.



Photo of West Artesia Grayburg Unit 24, showing production as of May 2005.

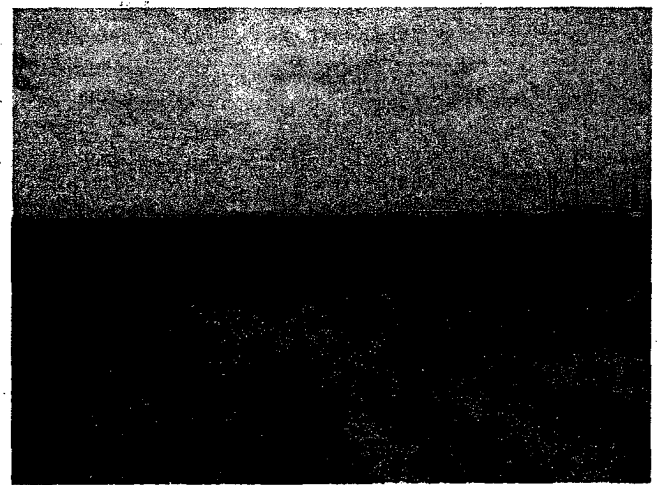


Photo of road into West Artesia Grayburg Unit 24.