



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT

OIL CONSERVATION DIVISION
AZTEC DISTRICT OFFICE

BRUCE KING
GOVERNOR

LARRY KEHOE
SECRETARY

1000 RIO BRAZOS ROAD
AZTEC, NEW MEXICO 87410
(505) 334-6178

February 22, 1982

Mr. Steve Meszaros
Mestemp Drilling Company, Inc.
1517 Reisterstown Road, Suite 205
Baltimore MD 21208

Re: Red Mountain Santa Fe Pacific and State Leases

Dear Mr. Meszaros:

Since the authorization to sell products was given to you in November, 1981, we have received no further past due paperwork on the referenced leases. We have received the C-115's and C-101 and C-102's for some new wells. Some of these needed to be corrected, as pointed out in my last letter. We have received no response on these, either.

A promise was made to have Mr. Zenati at the January 6th hearing. He did not show up until the January 20th hearing. In fact, he barely made it to that hearing. He did not have any pertinent information or facts to offer the examiner. He was redocketed for the February 17th hearing. He did not show for that hearing. In fact, no one was notified that he would not show until 2:30 PM, when a message from James Thompson was brought to the examiner, stating that they would not be there.

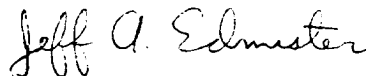
I have tried to contact you by letter and several phone calls between November 1981 and January 1982. They all remain unanswered. Taking that and the hearings into consideration, you are directed to stop the sale of all products from the referenced leases. The purchaser will be notified. This ban will not be lifted until the outcome of the hearing. If the hearing is delayed again, I will move the case be dismissed and the project shut down.

We will conduct a field inspection soon. If there are any further discrepancies or violations, I will refer the whole case to our legal department for prosecution. The annual underground injection inspection will start in May, during which we will be inspecting all injection wells. We will

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notify you what day we will be inspecting your wells. If you have any questions or further delays, please notify this office.

Yours truly,

A handwritten signature in cursive script that reads "Jeff A. Edmister".

Jeff A. Edmister
Deputy Oil & Gas Inspector

JAE:gc

cc: Dick Stamets
Perry Pearce
Prentice Childs
Plateau Inc.
Reading File
Operator File
Well Files
Mohamed Zenati

Santa Fe Pacific # 8 - A-29-20N-9W
 10 - P-20-20N-9W
 12 - P-20-20N-9W
 13 - C-29-20N-9W
 20 - F-29-20N-9W
 21 - C-29-20N-9W
 22 - P-29-20N-9W
 23 - O-20-29N-9W
 24 - P-20-20N-9W
 35 - B-29-20N-9W
 36 - O-20-20N-9W
 43 - B-29-20N-9W
 116 - N-22-20N-9W
 117 - N-22-20N-9W

State 13 - B-28-20N-9W
 1-28 - H-28-20N-9W
 2-28 - G-28-20N-9W

Santa Fe Pacific 1 - B-29-20N-9W
 5 - B-29-20N-9W
 7 - A-29-20N-9W
 9 - O-20-20N-9W
 28 - O-20-20N-9W
 33 - B-29-20N-9W
 38 - O-20-20N-9W
 101 - P-21-20N-9W
 102 - P-21-20N-9W
 103 - P-21-20N-9W
 104 - P-21-20N-9W
 110 - P-21-20N-9W

State 21 - A-28-20N-9W
 26 - B-28-20N-9W
 27 - B-28-20N-9W