

## NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

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**MELROSE OPERATING COMPANY** 

March 7, 2006

PO Box 953

Midland, TX 79702

Reference: ARTESIA UNIT 53 (30-015-01788) & ARTESIA UNIT 54 (30-015-01801) - UNREGISTERED PITS

During a routine inspection of the above wells the New Mexico Oil Conservation Division (NMOCD) inspector observed unregistered, open workover pits.

OCD Rule 19.15.2.50.A [NMAC] states, in relevant part, "Discharge into, or construction of, any pit or below-grade tank is prohibited absent possession of a permit issued by the division."

OCD Rule 19.15.2.50.F.1 [NMAC] states, in relevant part, "the division may require the operator to file a detailed closure plan before closure may commence" and "Upon completion of closure a closure report (form C- 144), or sundry notices and reports on wells shall be submitted to the division. Where the pit's contents will likely migrate and cause ground water or surface water to exceed water quality control commission standards, the pit's contents and the liner shall be removed and disposed of in a manner approved by the division."

The NMOCD District II office does not have on file an approved Form C-144 for the registration or closure of these pits as required by OCD Rule 19.15.2.50 [NMAC].

These pits must be closed. Please have in this office on or before March 24, 2006, a fully completed Form C-144 detailing your closure plans.

Artesia OCD District II Office