



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Lori Wrotenbery

Director

Oil Conservation Division

9/5/2003

Merit Energy Co
PO Box 69
Loco Hills, NM 88255

RE: East Shugart Unit #75 30-015-28204

Dear Sirs:

This second directive is to notify you that these wells are still in violation of OCD Rules.

On June 2, 2003 an inspection was performed on the above well(s) and it was found the well(s) failed to meet mechanical integrity standards. A review of our records indicates no correspondence has been received which indicates the well(s) have been brought into compliance. Request you furnish this office the necessary information as to the status of the well(s) by the date indicated below.

In the event that a satisfactory response is not received to this letter of direction by October 10, 2003, 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.

Sincerely,

Gerry Guye
Compliance Officer
NMOCD - District II