



New Mexico Energy, Minerals and Natural Resources Department

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Governor

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April 1, 2010

Joe Tarver
12403 CR 2300
Lubbock, TX 79423

Email: joe@WirelessTowLights.com

Certified Mail: 7008 3230 0000 2319 8860

Re: Joe Tarver, OGRID 37594
Russell C #005Y, 30-015-36213
Russell C #006x, 30-015-36073
Russell C #006Y, No API issued
Russell C #007, 30-015-00641
Russell C #007Y, No API issued

Dear Mr. Tarver:

The Oil Conservation Division (OCD) has reviewed the regulatory filings for your company, and found a number of violations that need to be addressed. The issues are described below. Please contact me at (505) 476-3493 or Daniel.sanchez@state.nm.us within ten days so that we can schedule a compliance conference.

1. Russell C #005Y, 30-015-36213. Producing without an approved C-104.

Operator filed a C-104, Request for Allowable and Authorization to Transport, for this well dated December 23, 2009. The OCD denied the request, with the following notation: "provide amended completion report w/formation tops, deviation survey, and log(s)." There is no approved C-104 in the well file. Operator has reported production for this well since **August 2009**.

The OCD requires an approved allowable and authorization to transport. See 19.15.7.15 NMAC and 19.15.16.19 NMAC. The OCD may withhold issuing an



allowable until the operator files its well completion or recompletion report and log. See 19.15.7.16 NMAC.

By producing this well without an approved allowable and authorization to transport, the Operator is in violation of OCD rules.

2. Russell C #006x, 30-015-36073. Producing without an approved C-104.

Operator filed a C-104, Request for Allowable and Authorization to Transport, for this well, dated December 23, 2009. The OCD denied the request, with the following notation: "provide drilling information, deviation survey, completion report and logs." Operator has provided some additional information. However, there is no approved C-104 in the well file. Operator has reported production for this well since **October 2008**.

The OCD requires an approved allowable and authorization to transport. See 19.15.7.15 NMAC and 19.15.16.19 NMAC. The OCD may withhold issuing an allowable until the operator files its well completion or recompletion report and log. See 19.15.7.16 NMAC.

By producing this well without an approved allowable and authorization to transport, the Operator is in violation of OCD rules.

3. Russell C #006Y, no API number. Unregistered well.

OCD inspectors found a marker for a plugged and abandoned well next to the pump jack for the Russell C #006x, marked as the Russell C #006 Y. OCD has no records for this well.

4. Russell C #007, 30-015-00641, Russell C #007Y, no API. Possible reporting of production from a plugged well; producing without approved C-104.

In 2005 Operator filed an application to re-enter the plugged and abandoned Russell C #007 well. The well file contains filings referencing both the Russell C #007 well and the Russell C #007Y well. The OCD has not approved an API number for the Russell C #007Y well. Operator reported production to the Russell C #007 well in 2006, and then continuously since 2008. There is no approved C-104 in the file under either Russell C #007 or Russell C #007Y.

According to a well inspection, the wellbore for the Russell C #007, 30-015-00641, is plugged. It appears operator drilled a new well under the plugged well's API number. The new well, which is active, is located to the south of the PA marker for the Russell C #007. Production is being reported to the Russell C #007 well.

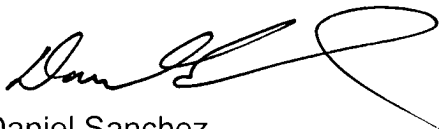
Operator needs to obtain approval for the new well, obtain an API number for the new well, obtain an approved C-104 and correctly report production to the new well.

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Please contact me so we can arrange a compliance conference. We hope that we can create a plan for moving forward to resolve these issues. Note that the Artesia District Office is currently holding three applications for permits to drill and approved by the BLM. Until those APDs are approved by the OCD, you do not have authority to commence drilling operations. The OCD is concerned about approving additional wells while there are so many outstanding compliance issues with your existing wells. If we are not able to resolve the issues related to your existing wells, the OCD may request that the APDs be set for hearing to determine whether they should be granted, given the large number of serious reporting and regulatory filing issues that need to be addressed.

Sincerely,

A handwritten signature in black ink, appearing to read 'Dan Sanchez', with a long, sweeping horizontal line extending to the right.

Daniel Sanchez
OCD Enforcement & Compliance Manager

Cc: Randy Dade, District II Supervisor
Jacqueta Reeves, District II Geologist
Gail MacQuesten, OCD Attorney
John Bramhall, BLM