



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Oil Conservation Division

16 April 2004

SLAYTON RESOURCES INC
PO BOX 2035
ROSWELL NM 88202-2035

RE: Honolulu St. 008 J-11-11-27 API 30-005-00264 Violation of Rule 201:

Honolulu St. 007 O-11-11-27 API 30-005-00263 Violation of Rule 201:

Dear Sirs:

This second directive is to notify you that these wells are still in violation of Rule 201.

On December 15, 2003 a letter was sent notifying you on the violation of Rule 201. An inspection of the wells on April 15, 2004 found no action has been taken.

To bring the wells into compliance you have 3 options:

1. Put the wells into production.
2. T.A. the wells.
3. P. A. the wells.

In the event that a satisfactory response is not received to this letter of direction by May 17, 2004, 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,

Mike Bratcher
Compliance Officer