



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

7/27/2004

Melrose Operating Co
5813 NW Grand Blvd STE B
Oklahoma City, OK 73118

RE:

API_WellNo	Well_Nm	Well_No	Wh_Sec	Wh_Twpn	Wh_RngN
30-015-31465	Artesia Unit	84	36	17	28
30-015-31485	Artesia Unit	85	35	17	28
30-015-31486	Artesia Unit	86	35	17	28

Dear Operator:

This second directive is to notify you that this well is still in violation of Rule 201.

On April 8, 2004, a letter was sent notifying you of the violation of Rule 201. A search of the well files on July 27, 2004, found no correspondence indicating the well had been brought into compliance. **To avoid further enforcement action these well(s) must be in physical compliance by the date indicated below.**

A copy of the OCD Rulebook may be obtained on our web page at www.emnrd.state.nm.us/oed in pdf format.

Rule 201 of the New Mexico Oil Conservation Division provides in part as follows:

201 WELLS TO BE PROPERLY ABANDONED

201.A. The operator of any well drilled for oil, gas or injection; for seismic, core or other exploration, or for a service well, whether cased or uncased, shall be responsible for the plugging thereof. [7-12-90...2-1-96]

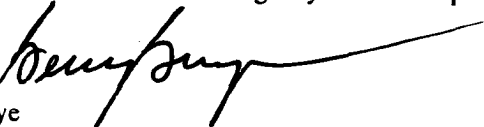
201.B. A well shall be either properly plugged and abandoned or temporarily abandoned in accordance with these rules within ninety (90) days after:

- (1) A sixty (60) day period following suspension of drilling operations, or
- (2) A determination that a well is no longer usable for beneficial purposes, or
- (3) A period of one (1) year in which a well has been continuously inactive.

[7-12-90...2-1-96]

In the event that a satisfactory response is not received to this letter of direction by August 27, 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,


Gerry Guye
Deputy Field Inspector