



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Lori Wrotenbery

Director

Oil Conservation Division

13 June 2003

Melrose Operating Co.
C/O West Texas Oil Reports
P.O. Box 953
Midland, Texas 79702

RE: Artesia Unit # 2

M-26-17-28

API 30-015-01563 Violation of Rule 201:

Well needs to be properly abandoned.

Artesia Unit # 5

P-26-17-28

API 30-015-01567 Violation of Rule 201:

Well needs to be properly abandoned.

Dear Sirs:

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

On 24 February, 2003 a letter was sent notifying you on the violation of Rule 201. An inspection of the wells on 6 June, 2003 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 13 July, 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,

Van Barton
Field Rep. II