



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Lori Wrotenbery

Director

Oil Conservation Division

2 June 2003

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

RE: State 647 AC 711 027

G-28-18-28

API 30-015-02071 Violation of Rule 201:

Well needs to be properly abandoned.

State 647 AC 711 043

H-28-18-28

API 30-015-02073 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 14 February, 2003 a letter was sent notifying you on the violation of Rule 201. An inspection of the wells on 30 May, 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 5 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