NEW MEXICO ENERGY, MINERALS NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor Joanna Prukop Cabinet Secretary

Lori Wrotenbery Director Oil Conservation Division

Fleld Inspection Program "Preserving the Integrity of Our Environment"

19-May-03

WISER OIL CO (THE) 8115 PRESTON RD STE 400 DALLAS, TX 75225-0000

Dear Operator:

The following inspection(s) indicate one or more violations as described in the detail section below. The inspection(s) indicates that the well, equipment, location or operational status failed to meet standards of the New Mexico Oil Conservation Division. To comply with standards imposed by Rules and Regulations of the Division, corrective action must be taken immediately and the situation brought into compliance. The detail section below indicates preliminary findings and/or probable nature of the violation. This determination is based on an inspection of your well or facility by an inspector employed by the Oil Conservation Division.

In the event that a satisfactory response is not received to this letter of direction by the "Corrective Action Due" date, 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.

INSPECTION DETAIL SECTION

SKELLY UNIT 001

Inspection Date -

N-15-17S-31E

30-015-05152-00-00

Type Inspection MIT Witnessed -

Gerry Guye

Violation? Yes

*Significant Non-Compliance? No

Corrective Action Due By: 8/10/2003

Inspection No. iGEG0308327770

Comments on Inspection:

Violation of Rule 103(No Well Sign.)

LEA D 002

A-26-17S-31E

30-015-05412-00-00

Inspection Date 05/07/2003

05/07/2003

Type Inspection MIT Witnessed - Inspector Gerry Guye Violation?

*Significant Non-Compliance?

Action Due By:

Inspection No.

Yes

No

8/10/2003

Comments on Inspection:

Flowing back

iGEG0308327925

Thank you for your prompt attention to this matter and your efforts in helping to protect our environment and the infra-structure of the oil and gas industry.

Sincerely.

tesia OCD District Office II