

NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON Governor Joanna Prukop Cabinet Secretary

Lori Wrotenbery Director Oil Conservation Division

29 May 2003

Hillside Oil & Gas P. O. Box 8911 Midland, Texas 79702

RE: Melaine # 1

J-26-18-26

API 30-015-24089 Violation of Rule 201:

Well needs to be properly abandoned.

Fox # 1

F-35-18-26

API 30-015-24426 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 28 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 28 June, 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.

Van Barton Field Rep. II