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NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

Response Required – Deadline Enclosed

Handwritten notes:
LOV NO. 02-08-073
Inspection on 1-23-07 indicated well has been completed and gas was flowing to a flare and that drilling pits were open. A review of the well file does not indicate submission of C-105 (Completion Report) Violation of Rule 1105. No submission of C-144 (Request for pit closure) Violation of Rule 50. Submission of all proper documentation must be completed by due date above.

30-Apr-08

PARALLEL PETROLEUM CORPORATION

1004 N BIG SPRING SUITE 400

MIDLAND TX 79701

LOV NO. 02-08-073

LETTER OF VIOLATION - Inspection

Dear Operator:

The following inspection(s) indicate that the well, equipment, location or operational status of the well(s) failed to meet standards of the New Mexico Oil Conservation Division as described in the detail section below. 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 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 on the date(s) indicated.

Please notify the proper district office of the Division, in writing, of the date corrective actions are scheduled to be made so that arrangements can be made to reinspect the well and/or facility.

INSPECTION DETAIL SECTION

GATE DANCER 1525-32 No.001

A-32-15S-25E

30-005-63851-00-00

Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
04/30/2008	File and Compliance Review	Gerry Guye	Yes	No	5/30/2008	iGEG0812152040

Comments on Inspection: Inspection on 1-23-07 indicated well has been completed and gas was flowing to a flare and that drilling pits were open. A review of the well file does not indicate submission of C-105 (Completion Report) Violation of Rule 1105. No submission of C-144 (Request for pit closure) Violation of Rule 50. Submission of all proper documentation must be completed by due date above.

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



Artesia OCD District Office

Note: Information in Detail Section comes directly from field inspector data entries - not all blanks will contain data.

*Significant Non-Compliance events are reported directly to the EPA, Region VI, Dallas, Texas.