

NEW MEXICO ENERGY, MINERALS and
NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Betty Rivera
Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

Field Inspection Program
"Preserving the Integrity of Our Environment"

01-Mar-02

SLAYTON RESOURCES INC
PO BOX 2035
ROSWELL, NM 88202-2035

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.

Please notify the proper district office of the Division of the date corrective actions are scheduled to be made so that arrangements can be made to reinspect the well and/or facility.
Please be advised that failure to comply with this directive will result in an application for an order to Show Cause why the Bond should not be forfeited, the well plugged and civil penalties assessed.

INSPECTION DETAIL SECTION

DIABLO STATE 001

P-16-10S-27E

30-005-00246-00-00

Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
02/28/2002	Routine/Periodic	Mike Bratcher	Yes	No	4/1/2002	iMLB02059454

Comments on Inspection: Well sign illegible. Violation Rule 103. 4/8/02 OK

DIABLO STATE 003

O-16-10S-27E

30-005-60348-00-00

Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
02/28/2002	Routine/Periodic	Mike Bratcher	Yes	No	4/1/2002	iMLB02060288

Comments on Inspection: No Motor on Pumping Unit. Well has been idle for more than 1 year and is in violation of Rule 201.

4/8/02 PJ now has new motor but flowline goes to Tank Batt with holes & rusted bottoms in all vessels