

NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Betty Rivera
Cabinet Secretary

Lori Wrotenberg
Director
Oil Conservation Division

Field Inspection Program
"Preserving the Integrity of Our Environment"

11-Apr-02

C E LARUE & B M MUNCY JR
PO BOX 1370
ARTESIA, NM 88211-1370

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.

INSPECTION DETAIL SECTION

HOLLIS 001

L-36-16S-29E

30-015-02817-00-00

| Inspection Date | Type Inspection | Inspector | Violation? | *Significant Non-Compliance? | Corrective Action Due By: | Inspection No. |
|--------------------|-----------------|------------|------------|---------------------------------|------------------------------|----------------|
| 04/09/2002 | MIT Witnessed - | Gerry Guye | Yes | No | 7/13/2002 | iGEG020652658 |

Comments on Inspection: No bradenhead - Since the production casing was not cemented to surface it is requested a valve be installed on the 5½ annulus in order to monitor the area behind the production casing. This valve should be plumbed to the surface with a valve above ground to facilitate setting a gauge for monitoring if necessary.

FEDERAL E 003

F-31-16S-30E

30-015-03960-00-00

| Inspection Date | Type Inspection | Inspector | Violation? | *Significant Non-Compliance? | Corrective Action Due By: | Inspection No. |
|--------------------|-----------------|------------|------------|---------------------------------|------------------------------|----------------|
| 04/09/2002 | MIT Witnessed - | Gerry Guye | Yes | No | 5/13/2002 | iGEG020652659 |

Comments on Inspection: No Well Sign.

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,

Oil Conservation Division, District II

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.