NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

Field Inspection Program
"Preserving the Integrity of Our Environment"

28-Jan-03

MOREXCO INC

P. O. BOX 1591 ROSWELL, NM 88202-1591

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, and civil penalties assessed.

INSPECTION DETAIL SECTION

COMET STATE 001 I-1-17S-28E 30-015-24329-00-00 *Significant

Inspection*Significant No.Corrective Action Due By:DateType InspectionInspectorViolation?Non-Compliance?Action Due By:Inspection No.01/28/2003ComplianceMike BratcherYesNo2/28/2003iMLB0302845280

O1/28/2003 Compliance Mike Bratcher Yes No 2/28/2003 iM

Comments on Inspection: P/A marker in place but location still has rods, tubing, flowlines, tanks and

misc. debris. Well is not ready for release and is in violation of Rule 202.

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,

Mike Bratcher, Compliance Officer District II