NEW MEXICO ENERGY, MINERALS NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON Governor **Betty Rivers** Cabinet Secretary

Lori Wrotenbery Director Oil Conservation Division

Field Inspection Program "Preserving the Integrity of Our Environment"

03-Jun-02

ACECO PETROLEUM CO 2106 W RICHEY ARTESIA NM 88210-

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 rrangements 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

GILMORE STATE 001

N-17-18S-28E

30-015-01894-00-00

Inspection

Date Type Inspection 05/28/2002 Routine/Periodic

Inspector

Violation?

*Significant Non-Compliance?

Corrective Action Due By:

Inspection No.

Comments on Inspection:

Mike Bratcher

Yes

No

iMLB02148381

No well sign. Violation Rule 103. B/T PJ-Oper.

7/11 No well sign

SIGNAL STATE 002

E-17-18S-28E

30-015-01901-00-00

Inspection

Date Type Inspection 05/28/2002 Routine/Periodic Inspector Mike Bratcher

Violation?

*Significant Non-Compliance?

Corrective Action Due By:

Inspection No. iMLB02148355

Comments on Inspection:

No Well Sign. Violation Rule 103.

1/11 No wellsign

GRARIDGE STATE 004

NIC

L-17-18S-28E

30-015-01905-00-00

Inspection

Date Type Inspection Inspector

Violation?

*Significant Non-Compliance?

Corrective Action Due By: 7/3/00

Inspection No.

No well sign 1-103

7/11 He well Sign

Oil Conservation Division * 1301 W. Grand Ave. * Artesia, New Mexico 88210 Phone: 505-748-1283 * Fax: 505-748-9720 * http://www.emnrd.state.nm.us

05/28/2002 Routine/Periodic Bratcher Yes iMLB02148368 No No well sign. Violation Rule 103. PJ-Oper. Comments on Inspection: WELCH STATE 005 J-17-18S-28E 30-015-01912-00-00 Inspection *Significant Date Type Inspection Inspector Violation? Action Due By: Non-Compliance? Inspection No. 05/28/2002 Routine/Periodic Mike Bratcher Yes iMLB02148418 Comments on Inspection: Well sign lists Collier as operator and is not mounted. Violation Rule 103. Pumpjack does not appear to have been operating recently. 7/11 No Change **ADKINS WILLIAMS STATE 002Y** O-17-18S-28E 30-015-01920-00-00 Inspection *Significant Date Type Inspection Inspector Violation? Non-Compliance? Action, Due, By: Inspection No. 05/28/2002 Routine/Periodic Mike Bratcher 02/03/02 Yes No iMLB02148432 Comments on Inspection: Location needs attention. Equipment OK. Well sign is not mounted and lists well as #2. PJ-Oper. 1/11 No change Violation Rule 103. **ADKINS WILLIAMS STATE 001** O-17-18S-28E 30-015-10450-00-00 Inspection *Significant Date Type Inspection Inspector Violation? Non-Compliance? Action Due By: Inspection No. 05/28/2002 Routine/Periodic Mike Bratcher Yes No iMLB02148455 Comments on Inspection: Well appears idle. Well sign is not mounted and lists wrong operator. Violation Rule 103. NO charge

WELCH STATE 007

NIC

K-17-18S-28E

30-015-10451-00-00

Inspection

Date Type Inspection 05/28/2002 Routine/Periodic Inspector

Violation?

*Significant Non-Compliance?

Corrective

Inspection No. iMLB02148373

Comments on Inspection:

Mike Bratcher

Yes

Action Due By:

No well sign. Violation Rule 103. PJ-Oper.

7/11 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.