

# NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

**GARY E. JOHNSON**

Governor

**Betty Rivera**

Cabinet Secretary

**Lori Wrotenbery**

Director

**Oil Conservation Division**

10-May-02

**MELROSE OPERATING COMPANY**

5813 NW GRAND BLVD STE B  
OKLAHOMA CITY, OK 73118-

Dear Operator:

A review of our records and recent inspection(s) indicate that the subject well(s) has been shut-in for an extended period of time. Rule 201 of the Rules and Regulation of the Oil Conservation Division provides that a well may be shut-in no longer than sixty days after suspension of drilling operations, upon determining that the well is no longer usable (e.g., a dry hole), or one year after last production. To comply with guidelines as established in the Rules and Regulations, corrective actions 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 is a subjective determination based on one or more factors of the results of the inspection.

The following options are available:

1. Immediately restore the well(s) to production, injection or disposal as applicable.
2. Request 'Temporary Abandoned' status pursuant to Rule 203, which requires that you set a plug and conduct a mechanical integrity test.
3. Submit a proposal to 'Plug and Abandon' the well(s) pursuant to Rule 202, proceed with plugging procedures on a timely basis after the proposal has been evaluated, amended and/or approved.

To avoid further action, we request that you exercise one of the above options no later than the "Corrective Action" due date indicated below.

Please be advised that this Notice of Violation may be followed by an application for an order to Show Cause why the bond should not be forfeited, the well plugged and civil penalties assessed. Please notify this office at least 24 hours prior to any repair and/or plugging, subsequent mechanical integrity test, or to request TA status for the well(s).

## **IDLE WELL INSPECTION DETAIL SECTION**

**MERSHON STATE 003**                      E-21-18S-28E                      **30-015-02005-00-0**                      Inspection No. iPCH0209436984

Inspection Date: 5/2/2002 11:22:27 AM

Corrective Action Due by: 6/10/2002

Type Inspection                      Inspector

Violation?

\*Significant Non-Compliance?

MIT Witnessed -

Phil Hawkins

Yes

No

Comments on Inspection:                      Violation of Rule 705 (Inactive well) Last injection reported April 2001.

**ARTESIA UNIT 047**                      G-3-18S-28E                      **30-015-02545-00-0**                      Inspection No. iPCH0209436756

Inspection Date: 5/2/2002 12:22:43 PM

Corrective Action Due by: 6/10/2002

Type Inspection                      Inspector

Violation?

\*Significant Non-Compliance?

MIT Witnessed -

Phil Hawkins

Yes

No

Comments on Inspection:                      Violation Rule 705 (Inactive well) Last reported injection April 1995.

**ARTESIA UNIT 067**                      K-3-18S-28E                      **30-015-20327-00-0**                      Inspection No. iPCH0209436780

Inspection Date: 5/2/2002 12:38:52 PM

Corrective Action Due by: 6/10/2002

Type Inspection                      Inspector

Violation?

\*Significant Non-Compliance?

MIT Witnessed -                      Phil Hawkins

Yes

No

Comments on Inspection:                      Inactive well VIOLATION RULE 705. Last reported injection June 1984

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,

Tim Gum, District II, Supervisor

\* Significant Non-Compliance events are reported directly to the U.S. Environmental Protection Agency, Region VI, Dallas, Texas.