

1-02-2003 9:22AM

FROM

P. 2

NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Betty Rivera
Cabinet Secretary

Lori Wrotenberry
Director
Oil Conservation Division

12/18/2002

Melrose Operating Co
5813 Grand Blvd Ste B
Oklahoma City, OK 73118

Field Inspection Program
"Preserving the Integrity of Our Environment"

RECEIVED
OCD - ARTESIA

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

API No	Well Name	No	UL	Sec	Township	Range	Violation
30-015-02048	State 647 AC 711	74	F	27	18	28	Rule 103 - No Well Sign Rule 1115 - No reported production Since Sep 1993
30-015-02074	State 647 AC 711	47	H	28	18	28	Rule 201 - Idle Well (Last reported Production Oct 2001.)

In the event that a satisfactory response is not received to this letter of direction on or before 01/17/03, further enforcement will occur. Such enforcement may include this office applying to the Division for an order summoning you to a hearing before a Division Examiner in Santa Fe to show cause why you should not be ordered to permanently plug and abandon this well. Such a hearing may result in imposition of CIVIL PENALTIES for your violation of OCD rules.

Sincerely,

[Signature]
Oil Conservation Division, District II

*Ann - both wells have
been placed back on
Production - Gary will fax
you 10-1-02
Tony 1/06/03*

Oil Conservation Division • 1501 W Grand Ave. • Artesia, New Mexico 88210
Phone 505-748-1223 • Fax 505-748-8720 • <http://www.nmconservation.com>