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by

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

NOTICE OF INCIDENTS OF NONCOMPLIANCE

Identification  
Lease NMLC 0051102A  
CA  
Unit  
PA

|   |                              |  |                       |
|---|------------------------------|--|-----------------------|
| Bureau of Land Management Office<br><b>CARLSBAD RA</b>              |                              | Operator<br><b>ENRON OIL &amp; GAS COMPANY</b>                 |                       |
| Address<br><b>PEDIMENT LAND MANAGEMENT<br/>CARLSBAD, NEW MEXICO</b> |                              | Address<br><b>3406 MEADOWRIDGE LANE<br/>MIDLAND TX 79701</b>   |                       |
| Telephone<br><b>505 735 1111</b>                                    |                              | Attention<br><b>MR JOHN R FRICK</b>                            |                       |
| Inspector<br><b>CARLSBAD, NM 88221-1778</b>                         |                              | Attn Addr<br><b>3406 MEADOWRIDGE LANE<br/>MIDLAND TX 79701</b> |                       |
| Site Name<br><b>SAND TANK 1 FED</b>                                 | Well or Facility<br><b>1</b> | Township<br><b>0180S</b>                                       | Range<br><b>0290E</b> |
| Site Name<br><b>SAND TANK 1 FED</b>                                 | Well or Facility<br><b>A</b> | Township<br><b>0180S</b>                                       | Range<br><b>0290E</b> |
|   |                              | Meridian<br><b>NMP</b>   | Section<br><b>001</b> |
|   |                              | 1/4 1/4<br><b>SENE</b>   |                       |

THE FOLLOWING VIOLATION WAS FOUND BY BUREAU OF LAND MANAGEMENT INSPECTORS ON THE DATE AND AT THE SITE LISTED ABOVE

| Date                                 | Time (24 - hour clock) | Violation                    | Gravity of Violation |
|--------------------------------------|------------------------|------------------------------|----------------------|
| 10/24/1997                           | 10:00                  | ONSHORE ORDER #7 111 B.2.(a) | MINOR                |
| Corrective Action To Be Completed By | Date Corrected         | Assessment for Noncompliance | Assessment Reference |
| 11/28/1997                           |                        |                              | 43 CFR 3163.1()      |

Remarks METHOD OF WATER DISPOSAL NOT ON RECORD. SUBMIT APPLICATION FOR APPROVAL. SEE ATTACHED SPECIFICATION, AND SUBMIT ALTERNATIVE LOCATION.

When violation is corrected, sign this notice and return to above address.

Company Representative Title AGENT Signature Linda Winston Date 11/11/97

Company Comments All attached

WARNING

Incidents of Noncompliance correction and reporting timeframes begin upon receipt of this Notice or 7 business days after the date it is mailed, whichever is earlier. Each violation must be corrected within the prescribed time from receipt of this Notice and reported to the Bureau of Land Management office at the address shown above. Please note that you already may have been assessed for noncompliance (see amount under "Assessment for Noncompliance"). If you do not comply as noted above under "Corrective Action To Be Completed By" you may incur an additional assessment under (43 CFR 3163.1) and may also incur Civil Penalties (43 CFR 3163.2). All self-certified corrections must be postmarked no later than the next business day after the prescribed time for correction.

Section 109(d)(1) of the Federal Oil and Gas Royalty Management Act of 1982, as implemented by the applicable provisions of the operating regulations at Title 43 (CFR 3163.2(f)(1)), provides that any person who "knowingly or willfully" prepares, maintains, or submits, false, inaccurate, or misleading reports, notices, affidavits, record, data, or other written information required by this part shall be liable for a civil penalty of up to \$25,000 per violation for each day such violation continues, not to exceed a maximum of 20 days.

REVIEW AND APPEAL RIGHTS

A person contesting a violation shall request a State Director review of the Incidents of Noncompliance. This request must be filed within 20 working days of receipt of the Incidents of Noncompliance with the appropriate State Director (see 43 CFR 3165.3). The State Director review decision may be appealed to the Interior Board of Land Appeals, 4015 Wilson Blvd., Arlington VA 22203 (see 43 CFR 3165.4). Contact the above listed Bureau of Land Management office for further information.

Signature of Bureau of Land Management Authorized Officer Don Early Date 10/27/97 Time 10:35

FOR OFFICE USE ONLY

|                                 |      |            |         |             |
|---------------------------------|------|------------|---------|-------------|
| Number<br><b>33</b>             | Date | Assessment | Penalty | Termination |
| Type of Inspection<br><b>SP</b> |      |            |         |             |