NEW MEXICO ENERGY, MINERALS NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON Governor **Betty Rivera**

Cabinet Secretary

Lori Wrotenbery Director Oil Conservation Division

Field Inspection Program "Preserving the Integrity of Our Environment"

22-Mar-02

LINDENMUTH & ASSOCIATES INC

510 HEARN ST

STE 200

AUSTIN, TX 78703-

A/26/02 Quellsite

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, the well plugged and civil penalties assessed.

INSPECTION DETAIL SECTION

GORMAN STATE 001

C-36-19S-24E

30-015-00054-00-00

Inspection

Type Inspection

Inspector

Violation?

*Significant Non-Compliance?

Corrective Action Due By:

Inspection No.

Date 03/21/2002

Routine/Periodic

Mike Bratcher

Yes

No

4/22/2002 iMLB02081297

Comments on Inspection:

Idle well. Violation Rule 201 requiring wells to be produced or properly plugged. Please notify

this office of Intent.

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