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NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

Field Inspection Program
"Preserving the Integrity of Our Environment"

04-Feb-02

SWR OPERATING CO
200 CRESCENT CT STE 1310
DALLAS, TX 75201-

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.

WELCH A 001	2-4-19S-31E	30-015-05726-00-00				
Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
02/01/2002	Routine/Periodic	Mike Bratcher	Yes	No	2/4/2002	iMLB02032488

Comments on Inspection: This well is just well head sticking up from the ground. There is slight oil seepage @ well head. Idle well Violation Rule 201. Please notify this office of intent for this well.

WELCH A 003	F-4-19S-31E	30-015-05728-00-00				
Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
02/01/2002	Routine/Periodic	Mike Bratcher	Yes	No	3/4/2002	iMLB02032464

Comments on Inspection: No Motor on Pumping Unit. Idle well Violation Rule 201. Please notify this office of intent for this well.

WELCH A 004	3-4-19S-31E	30-015-05729-00-00				
Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.

2/01/2002 Routine/Periodic

Mike Bratcher

Yes

No

3/4/2002 iMLB02032480

Comments on Inspection:

This well is just casing and on old valve sticking up from the ground. Well is just north and east of Snow's S. Shugart #1(no road) Idle well Violation Rule 201. Please notify this office of intent for this well.

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.