NEW MEXICO ENERGY, MINERALS NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor Joanna Prukop Cabinet Secretary

Lori Wrotenbery Director Oil Conservation Division

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05-Feb-03

PENROC OIL CORP PO BOX 2769 HOBBS, NM 88241-2769

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

STA	TE	MV	COM	001

30-015-23549-00-00 L-16-19S-24E *Significant

Corrective Inspection Inspection No. Non-Compliance? **Action Due By:** Violation? Type Inspection Inspector Date iPCH0302736973 3/27/2003 No Yes Phil Hawkins 01/27/2003 Routine/Periodic

Comments on Inspection:

CURRENT OPERATOR NOT ON WELL SIGN VIOLATION OF RULE #103 LAST

PRODUCTION 6/2002

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,

Artesia OCD District Office

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.