

NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON Governor Betty Rivera Cabinet Secretary Lori Wrotenbery Director Oil Conservation Division



21 October 2002

Gruy Petroleum Management Co. P. O. Box 140907 Irving, Texas 75014-0907

RE: Mallon Pecos River # 1 H-28-26-29

API 30-015-29371

This is your third letter of direction informing you the well is in violation of Rule 201

Dear Sirs:

You were notified by letters dated 8-26-02 and 9-27-02 on the violation of Rule 201. We are in receipt of you fax dated 10-1-02 stating intent to TA the well. The well must be in physical compliance on or before 30 November, 2002.

In the event that a satisfactory response is not received to this letter of direction by 30 November, 2002 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,

Van Barton Field Rep. II