

New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

Joanna Prukop
Cabinet Secretary
Reese Fullerton
Deputy Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



March 25, 2008

Parawon Operating, LLC
164 St. Francis Street STE 205
Mobile, AL 36602

Re: NE Hogback Unit #31, API # 30-045-09696, K-10-30-16

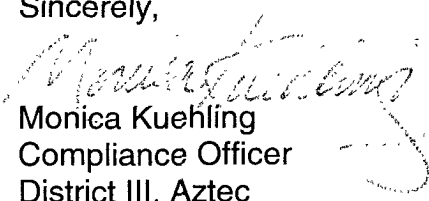
Gentlemen:

On August 23, 2007, an MIT was witnessed by Shelly Cowden, Compliance Officer for the New Mexico Oil Conservation Division. The test failed. A letter of violation was issued with the requirements to repair the well by November 26, 2007. On February 1, 2008, the Aztec District Office received a sundry notice that repairs have been done to the tubing and a new packer has been placed. On March 17, 2008, Monica Kuehling called Richard Baldwin to see when the next MIT might be. Mr. Baldwin thought the following week, which is the week of March 21, 2008.

On reviewing District and Santa Fe records, an order could not be found that gave Parawon authority to inject into the NE Hogback Unit #31. On March 19, 2008, I contacted Mr. Baldwin to see if the operator could provide an order to inject.

Parawon Operating, LLC is advised not to inject into the well until an order is provided by the operator and an MIT is witnessed by the NMOC and Navajo EPA. If an order cannot be provided the operator must apply for a permit to inject. The application form C108 can be found on our website at www.emnrd.state.nm.us/ocd

Sincerely,



Monica Kuehling
Compliance Officer
District III, Aztec

