



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Betty Rivera
Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

NOTICE OF VIOLATION (03-02-04)

March 6, 2002

CERTIFIED MAIL

RETURN RECEIPT NO: 7001 0320 0001 0214 6063

Mr. T. Greg Merrion
Merrion Oil & Gas
610 Reilly Avenue
Farmington, New Mexico 87401

RE: Violation of Oil and Gas Act 70-2-10, Perjury; Punishment
Southland #6, Unit Letter H, Sec-10-T26N-R13W, API 30-045-23803
Southland #7, Unit Letter D, Sec-~~10~~-T26N-R13W, API 30-045-23894

Dear Mr. Merrion:

On January 18, 2002, New Mexico Oil Conservation Division (OCD) Deputy Inspector, Bruce Martin, found that the referenced wells had not been tested as reported.

An OCD investigation found that on January 9, 2002, Merrion Oil & Gas (Merrion) submitted "Bradenhead Test Report" forms containing intentionally false information on the referenced wells.

Merrion and the OCD conducted a joint field trip to several well sites on January 31, 2002. On February 1, 2002, Merrion presented the OCD with a proposed comprehensive well testing and reporting program for well testing to prevent future violations and to retest all wells for which questionable information may have been submitted.

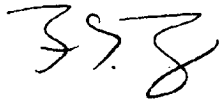
Because of Merrion's quick response and comprehensive plan, this office will not take further enforcement action.

Any further violation may result in Merrion being summoned to a show cause hearing before a Division Hearing Examiner where the Division staff will recommend issuance of a formal order requiring compliance with OCD rules. Such an order may include imposition of civil penalties.

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If you have any questions, please contact Deputy Inspector Charlie Perrin at (505) 334-6178 ext 16.

Sincerely,

A handwritten signature in black ink, appearing to read 'F. Chavez'.

Frank T. Chavez
District Supervisor
ftchavez@state.nm.us

FTC/mk

xc: David K. Brooks, OCD Legal Counsel
CTP
Well file