



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

July 27, 2004

MELROSE OPERATING CO.

PO Box 953

Midland TX 79702

RE: Signal State #1

A-16-18s-28e

30-015-01883

Dear Operator,

On April 12, 2004 a letter was sent advising you of a notice of violation on the well listed above. An inspection on July 22, 2004 indicated contamination at wellhead area had not been properly addressed. Please take further steps to correct area and contact me when work has been done, or contact me directly if I can be of any assistance. The date for compliance due is now extended to August 27, 2004. In the event that corrective actions have not been taken by this date, further enforcement action will be taken. Thank you for your cooperation in this matter.

A handwritten signature in cursive script that reads "Mike Bratcher".

Mike Bratcher

Compliance Officer NMOCD

Office: 505-748-1283

Cellular: 505-626-0857