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STEPHENS & JOHNSON OPERATING CO.

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811 Sixth Street, Suite 300

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WICHITA FALLS, TEXAS 76307-2249

September 21, 2016

New Mexico Oil Conservation Division 811 S. First Street Artesia, NM 88210

NM OIL CONSERVATION

ARTESIA DISTRICT

SEP 23 2016

Attn: Mr. Gilbert Cordero

RECEIVED

Re: Letters of Violation Dated August 16, 2016 &

August 17, 2016

Dear Mr. Cordero:

Please find attached copies of the above referenced letters of violation. Please be advised that all well sign violations included in these two letters of violation have been corrected.

Also be advised that amended C-115's have been filed for the East Millman Unit well No. 203 and the East Millman Unit well No. 232 as was requested in the letter of violation dated August 16, 2016.

Please contact us if you require any additional information or if you have any questions concerning this matter.

Yours very truly,

STEPHENS & JOHNSON OPERATING CO.

William M. Kincaid

WMK/np Attachments