



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

7001 1940 0001 9971 5192

20-Sep-07

EDGE PETROLEUM OPERATING COMPANY, INC.

1301 TRAVIS, SUITE 2000

HOUSTON TX 77002

LOV NO. 02/9207

LETTER OF VIOLATION - Inspection

Dear Operator:

The following inspection(s) indicate that the well, equipment, location or operational status of the well(s) failed to meet standards of the New Mexico Oil Conservation Division as described in the detail section below. To comply with standards imposed by Rules and Regulations of the Division, corrective action must be taken immediately and the situation brought into compliance. The detail section indicates preliminary findings and/or probable nature of the violation. This determination is based on an inspection of your well or facility by an inspector employed by the Oil Conservation Division on the date(s) indicated.

Please notify the proper district office of the Division, in writing, of the date corrective actions are scheduled to be made so that arrangements can be made to reinspect the well and/or facility.

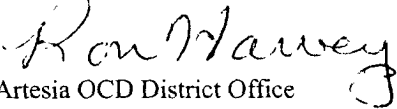
INSPECTION DETAIL SECTION

RED LAKE 36 C STATE No.004		C-36-17S-27E		30-015-35213-00-00	
Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By: Inspection No.
09/20/2007	Routine/Periodic	Ron Harvey	Yes	No	10/21/2007 iREH0726348678
Violations					
Emergency/Temporary Pits					
Comments on Inspection:		Drilling pit is open and full of solids, looks like fluids have been drained off. C-144 approved for pit closure on 4/23/07. Well completed in on 1/23/07. Violation of Rule 50. Pits are to be closed within 6 months after completion of well.			

RED LAKE 36 A STATE No.004		A-36-17S-27E		30-015-35222-00-00	
Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By: Inspection No.
09/20/2007	Routine/Periodic	Ron Harvey	Yes	No	10/21/2007 iREH0726349294
Violations					
Emergency/Temporary Pits					
Comments on Inspection:		Drilling pit open and contains fluids/solids. Pit liner and pit fence ok. Well completed 1/13/07. Pit in violation of Rule 50. Pits are to be closed within 6 months of completion of well.			

In the event that a satisfactory response is not received to this letter of direction by the "Corrective Action Due By:" date shown above, 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,


Artesia OCD District Office

Note: Information in Detail Section comes directly from field inspector data entries - not all blanks will contain data
*Significant Non-Compliance events are reported directly to the EPA, Region VI, Dallas, Texas