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NEW MEXICO ENERGY, MINERALS NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor Joanna Prukop Cabinet Secretary

Mark E. Fesmire, P.E. Director Oil Conservation Division

Response Required - Deadline Enclosed

14-Apr-09

LOV NO. 02-09-013

JACK J. GRYNBERG

PRENTICE POINT, SUITE 500 5299 DTC BOULEVARD GREENWWOD VILLAGE CO 80111-3321

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

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N-25-14S-27E

30-005-60577-00-00

Inspection Date

Type Inspection

Inspector Violation?

*Significant Non-Compliance?

Corrective Action Due By:

04/14/2009 Routine/Periodic

Richard Inge Yes No

7/18/2009

Inspection No. iREI0910448704

Comments on Inspection:

Violation of OCD rule 19.15.25.8 WELLS TO BE PROPERLY ABANDONED. Last production

report 7/1/2007. No flow rate reported on meter.

The well must either be returned to beneficial use, properly plugged and abandoned or placed into approved temporary abandonment by Completion Action Due By date.

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 Divison 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.