

NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor
Joanna Prukop
Cabinet Secretary

Lori Wrotenbery

Director

Oil Conservation Division

18 July 2003

Saga Petroleum Limited Liability Co. 415 West Wall, Suite 1900 Midland, Texas 79701

RE: WEST HENSHAW PREM UNIT # 1

M-3-16-30

API 30-015-03840

Violation of Rule 702: Mechanical Integrity

Dear Sirs:

This second directive is to notify you that this well is still in violation of Rule 702.

On 14 April 2003 a letter was sent notifying you that the well had failed a MIT. On 16 July, 2003 the well failed another MIT.

In the event that this well is not brought into physical compliance by 31 August, 2003, 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,

Van Barton Field Rep. II