



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Lori Wrotenbery

Director

Oil Conservation Division

17 October 2003

Via Certified Mail 7001 1940 0001 9971 3648

Melrose Operating Co.
C/O West Texas Oil Reports
P.O. Box 953
Midland, Texas 79702

RE: NOTICE OF VIOLATION: NMOCD Rule 201 Inactive Well
State 647 AC 7136 # 123 J-14-18-28 API# 30-015-01868

Ladies and Gentlemen:

This letter shall serve as a Notice of Violation of the rules of the New Mexico Oil Conservation Division.

You were notified of this matter by letters dated 2-11-2003 and 5-29-2003. A meeting was set for 9-22-03 at 2:00 PM to discuss matter. No representative of Melrose attended, nor has anyone contacted this office since that time. To date no work had been done. This certified letter is being sent in part because all of the foregoing directives have brought no response.

Rule 201 of the New Mexico Oil Conservation Division provides as follows:

201 WELLS TO BE PROPERLY ABANDONED

201.A. The operator of any well drilled for oil, gas or injection; for seismic, core or other exploration, or for a service well, whether cased or uncased, shall be responsible for the plugging thereof. [7-12-90..2-1-96]

201.B. A well shall be either properly plugged and abandoned or temporarily abandoned in accordance with these rules within ninety (90) days after:

- (1) A sixty (60) day period following suspension of drilling operations, or
- (2) A determination that a well is no longer usable for beneficial purposes, or
- (3) A period of one (1) year in which a well has been continuously inactive.

Your above referenced wells have remained inactive for a considerably longer time than allowed under this Rule. Your failure to respond to OCD directives and failure to bring this well into compliance are serious violations and merit a severe sanction, up to and including abandonment and plugging as well as civil penalties. This is the third and **final Notice of Violation.** In the event that this well is not brought into compliance **on or before November 19, 2003,** you be summoned to a hearing in Santa Fe to **Show Cause why this well should not be plugged and civil penalties assessed.**

Respectfully yours,

Tim Gum, District Supervisor, District II

cc: OCD Legal