

NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E.
Governor
Jennifer A. Salisbury
Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

Field Inspection *"Preserving the Integrity of Our Environment"*

31-Aug-01

MCKAY OIL CORP
#1 MCKAY PL
ROSWELL, NM 88201-

Dear Sirs:

The following inspection(s) indicate one or more violations as described in the detail section below. The inspection(s) indicates that the well, equipment, location or operational status failed to meet standards of the New Mexico Oil Conservation Division. To comply with guidelines as established in the Division Rules and Regulations, corrective actions must be taken immediately and the situation brought into compliance. The detail section below 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.

Please notify the proper district office of the Division of the date corrective actions are scheduled and arrangements made so the well and/or facilities may be reinspected.

INSPECTION DETAIL SECTION

Desert Rose # 1	M-12-6S-22E	30-005-62880-00-0				
Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
08/30/2001	Routine/Periodic	Phil Hawkins	Yes	No	10/31/01	
Violations						
1i Surface Damage/Restoration						
Comments on Inspection:		P/A Pits not closed as per Rule 202.B.3				

Thank you for your prompt attention to this matter and your efforts in helping to protect our environment and the infra-structure of the oil and gas industry.

01/17/2002 PITS ARE NOW CLEANED AND READY FOR INSPECTION

Sincerely,


Van Barton, Dist.II Field Rep II

TRICIA MOORE
PRODUCTION ANALYST
MCKAY OIL CORP.

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.