NEW MEXICO ENERGY, MINLRALS NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON Governor Carol Leach Cabinet Secretary

Lori Wrotenbery Director Oil Conservation Division

Field Inspection Program "Preserving the Integrity of Our Environment"

15-Feb-02

KERSEY & CO PO BOX 1248 FREDERICKSBURG, TX 78624-

Dear Operator:

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 standards imposed by Rules and Regulations of the Division, corrective action 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 to be made so that arrangements can be made to reinspect the well and/or facility.

Please be advised that failure to comply with this directive will result in an application for an order to Show Cause why the Bond should not be forfeited, the well plugged and civil penalties assessed.

INSPECTION DETAIL SECTION

WILLIAMS A 005

H-28-17S-28E

30-015-23987-00-00

Inspection Date

Type Inspection

Violation?

*Significant

Corrective

02/15/2002

Routine/Periodic

Mike Bratcher

Inspector

Yes

Non-Compliance? No

Action Due By: 3/18/2002 iMLB02046522

Inspection No.

Comments on Inspection:

Well has been leaking at stuffing box for a long time. Oil has been allowed to run out on location and currently has formed a pool at the wellhead. Violation Rule 116 and Rule 13. Well sign is

illegible Violation Rule 103.

3/18/02 Neither Violation is in compliance

Thank you for your prompt attention to this matter and your efforts in helping to protect our environment and the Oil is currently spraying out @ wellhout on down stroke. infra-structure of the oil and gas industry.

Sincerely,

Oil Conservation Division, District II