

NEW MEXICO ENERGY, MINERALS NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop Cabinet Secretary

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

Field Inspection Program "Preserving the Integrity of Our Environment"

19-Dec-07

EOG RESOURCES INC

P.O. Box 2267 Midland TX 79702

Dear Operator:

LETTER OF VIOLATION - Inspection

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

STATE 16 No.007

P-16-18S-33E

30-025-31044-00-00

Inspection

Type Inspection Date

Inspector

Violation?

Corrective

*Significant Non-Compliance?

12/11/2007

Routine/Periodic

Action Due By:

Inspection No.

Violations

Mark Whitaker

Yes

No

2/15/2008

iMAW0734537216

Absent Well Identification Signs (Rule 103)

Comments on Inspection:

Well sign torn in half and not legible (See Rule 103). Well sign needs to be replaced. API # needs

to be added to information on sign. MW

Mu + Ellym 40G Resources Completes 1-16-08

RECEIVED

JAN 23 2008

HOBBS OCE