

New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

Joanna Prukop
Cabinet Secretary
Reese Fullerton
Deputy Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



May 21, 2008

Burgundy Oil & Gas
401 West Texas
Suite 1003
Midland, Texas 79701

SITE INSPECTION

Dear Operator:

On May 13, 2008, Oil Conservation Division (OCD) inspector Mark Whitaker made an inspection of your State Vacuum Unit and noted the following items that failed to meet standards of the New Mexico Oil Conservation Division.

Signs on existing wells were not legible and did not include all the information as required by Rule 103. Each sign shall show the (1) name of operator, (2) name of property, (3) well number, (4) location by footage, (5) quarter-quarter or unit letter, (6) section, (7) township, (8) range, and (9) API number.

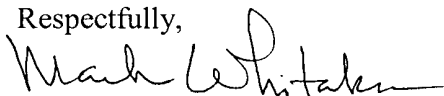
The T/A status of State Vacuum Unit Well No. 10 has expired.

As a result of these findings, you will be required to replace all signs to include the current requirements as stipulated under Rule 19.15.3.103. A re-inspection will be conducted in 90 days to verify compliance.

In addition, a C-103 should be submitted before July 1, 2008, detailing your intent to T/A, Plug, or return the No.10 to production.

Any questions or request for extensions can be directed to Mr. Chris Williams, OCD District-1 Supervisor, by calling 575-393-6161 ext. 102.

Respectfully,



Hobbs OCD District Office



EMNRD
OIL CONSERVATION DIVISION
1625 N FRENCH DRIVE
HOBBS NM 88240



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05/21/2008

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