

NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor
Joanna Prukop
Cabinet Secretary

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

Response Required – Deadline Enclosed

31-Mar-10

MELROSE OPERATING COMPANY
20333 STATE HIGHWAY 249 SUITE 310
HOUSTON, TX 77070-

LETTER OF VIOLATION Delinquent Regulatory Filings

Dear Operator:

Oil Conservation Division ("OCD") records indicate that you failed to file the required reports identified below, or that your filings were incomplete or inaccurate.

NON-COMPLIANT WELL DETAIL SECTION

CONE JALMAT YATES POOL UNIT No.201
Original Well Type: Oil (Producing)
Determination or Violation Date: 3/31/2010

Location: 24-22S-35E **30-025-08643-00-00**
Well Status: Active
Delinquent Report or Filing(s): - Other Monitoring and Reporting Violation

Comments: OCD Hobbs has received C103s and original chart for converting this well to injection. Also required is C105 completion report for the injection status. If you have questions on this matter, please call Donna Mull (575) 393-6161 ext 115.

CORRECTIVE ACTION ON THIS WELL DUE BY: 4/30/2010

Please file or correct the reports identified above by the corrective action due date indicated. If you fail to file or correct the reports by that date, the OCD will take enforcement action that may include but is not limited to applying for an order assessing civil penalties and/or requiring you to plug and abandon the wells associated with those reports.

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

Sincerely,



Hobbs OCD District Office

EMNRD - DISTRICT I
OIL CONSERVATION DIVISION
1625 N FRENCH DRIVE
HOBBS NM 88240



HASLER 017H15554612
\$0.612
04/01/2010
Mailed From 88240

US POSTAGE

Melrose Operating Co
ATT Peter Evtimov
20333 State Hwy 249, Suite 310
Houston TX 77077