

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

JALMAT FIELD YATES SAND UNIT No.249

Original Well Type: Oil (Producing)

Determination or Violation Date: 3/31/2010

Location: 11-22S-35E

30-025-38922-00-00

Well Status: New (Not Drilled /

Delinquent Report or Filing(s): - Logs - Other Paperwork or Filing -
Other Monitoring and Reporting
Violation

Comments: OCD Hobbs has received forms C103 and C-105 showing the completion of this well as an oil producer. Paperwork still required is Deviation Survey, Full set of Logs, and form C-104 "Request for Allowable" showing transporter and 24 hour production test. 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



017H15554612
HASLER
\$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