



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Oil Conservation Division

Field Inspection Program

"Preserving the Integrity of Our Environment"

06-May-04

CHEVRON U S A INC

PO Box 1747

Carlsbad NM 88220

NOTICE OF VIOLATION - Inspection

Dear Operator:

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

MURCHISON 2 STATE	No.001	H-2-25S-26E	30-015-28288-00-00			
Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
05/05/2004	Surface Restoration	Mike Bratcher	Yes	No	6/7/2004	iMLB0412731564

Comments on Inspection: PA marker on this location has information for well #2 welded on it, ie API number, etc. This location has Tank Battery along with other production equipment. All Equipment not in use for this lease must be removed. Location also contains misc pipe and debris, cemented pipe stands etc. Plastic Tank in NE corner of location has saturated soil contamination and is violation of Rule 13 and 116 and will require remediation per OCD guidelines. This location is not ready for release.