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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

30-005-00042

18-Aug-08

JAM OIL LLC

PO BOX 1382

ARTESIA NM 88211

LOV NO. 2-08-148

LETTER 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

CANNON No.002

I-17-10S-25E

30-005-00042-00-00

Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
08/06/2008	Routine/Periodic	Richard Inge	Yes	No	9/5/2008	iREI0821941683

Comments on Inspection: Violation of OCD rule 116. Pieces of the tank are scattered between wellhead and tank battery. At tank battery, just the bottoms of the tanks are on location with sever soil staining. There is a flatbed trailer at site with buckets full of produced water that have spilled onto the ground. There are barrels of fresh oil sitting in the trailer.

Submit a c-141 Spill Report to the OCD by Completion Action Due By Date.

CANNON FEE No.003

H-17-10S-25E

30-005-61499-00-00

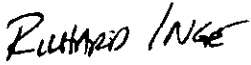
Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
08/06/2008	Routine/Periodic	Richard Inge	Yes	No	9/19/2008	iREI0821940468

Comments on Inspection: Violation of OCD rule 201. Last production report 3/1/2006. Flowline not hooked up to well. No production equipment on location. Well sign incorrectly lists well as Cannon Fee #2.

Return well to production or submit a P&A procedure by Completion Action Due By date with the work to be completed within one month of the P&A approval by the OCD.

In the event that a satisfactory response is not received to this letter of direction by the "Corrective Action Due By:" date shown above, further enforcement will occur. Such enforcement may include this office applying to the Division for an order summoning you to a hearing before a Division Examiner in Santa Fe to show cause why you should not be ordered to permanently plug and abandon this well. Such a hearing may result in imposition of CIVIL PENALTIES for your violation of OCD rules.

Sincerely,



Artesia OCD District Office

Note: Information in Detail Section comes directly from field inspector data entries - not all blanks will contain data

*Significant Non-Compliance events are reported directly to the EPA, Region VI, Dallas, Texas