



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

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Jim Noel
Cabinet Secretary
Karen W. Garcia
Deputy Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

Well Inspection Program

"Preserving the Integrity of Our Environment"

21-Oct-10

LONE STAR OIL & GAS, INC.

P. O. BOX 2696

MIDLAND TX 79702

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

PEVEHOUSE 8 No.001		P-8-24S-36E	30-025-38571-00-00				
Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.	
10/21/2010	Routine/Periodic	Mark Whitaker	Yes	No	1/24/2011	iMAW1029446693	
		Violations Surface Damage/Restoration					
Comments on Inspection:		DO NOT RELEASE BONDS. Dry hole marker good. NEED TO REMOVE WELLHEAD, SURPLUS TBG & RODS, WALKWAY, STAIRS, FLOWLINES, STAKES, CONCRETE SEPARATOR BASE, FENCING, AND OTHER DEBRIS ON OR AROUND LOCATION. ALL FLOWLINES OR PIPELINES THAT CAN NOT BE REMOVED MUST BE CUT OFF 2 FT BELOW GL CONTAMINATED SOILS, GRAVEL, AND PLASTIC IN BATTERY AREA SHOULD BE REMOVED AND PROPERLY DISPOSED OF. REMOVE PILE OF CONCRETE OFF SE CORNER OF PAD. CONTOUR LOCATION AROUND WELLHEAD AND AT BATTERY SITE. 1ST NOTICE. Took pictures.					

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

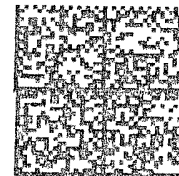
Sincerely,


COMPLIANCE OFFICER

Hobbs 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

EMNRD
OIL CONSERVATION DIVISION
1625 N FRENCH DRIVE
HOBBS NM 88240



HASLER 015H14150977
\$0.44
10/21/10
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