



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark Fesmire

Director

Oil Conservation Division

Field Inspection Program

"Preserving the Integrity of Our Environment"

07-Jun-04

JIM PIERCE

#859 PETROLEUM BUILDING

ROSWELL

NM 88201

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

SOUTHERN FEDERAL		No.003	I-30-19S-31E	30-015-05807-00-00		
Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
06/07/2004	Routine/Periodic	Mike Bratcher	Yes	No	7/7/2004	iMLB0415945744
Comments on Inspection:		Well sign does not list operator of record. Violation Rule 103. Well head area is heavily contaminated with oil pooled. Violation Rule 13, 115 and 116.				

SOUTHERN FEDERAL		No.004	K-30-19S-31E	30-015-05808-00-00		
Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
06/07/2004	Routine/Periodic	Mike Bratcher	Yes	No	7/7/2004	iMLB0415946521
Comments on Inspection:		Well sign does not contain required information. Violation Rule 103. Production reported 3/2004.				

SOUTHERN FEDERAL		No.006	2-30-19S-31E	30-015-05810-00-00		
Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
06/07/2004	Routine/Periodic	Mike Bratcher	Yes	No	7/7/2004	iMLB0415949708
Comments on Inspection:		Well sign does not list required information. Violation Rule 103. Leaks at wellhead. Violation Rule 13 and 115.				

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,

A handwritten signature in black ink that reads "Mike Bencher". The signature is written in a cursive, flowing style.

Artesia OCD District Office

* Significant Non-Compliance events are reported directly to the U.S. Environmental Protection Agency, Region VI, Dallas, Texas.