



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

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Joanna Prukop

Cabinet Secretary

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Director

Oil Conservation Division

Field Inspection Program

"Preserving the Integrity of Our Environment"

09-Feb-05

MOREXCO INC

P. O. BOX 1591

ROSWELL NM 88202-1591

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

LACKAWANNA STATE No.001

I-30-18S-28E

30-015-02143-00-00

Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
02/04/2005	Routine/Periodic	Mike Bratcher	Yes	No	3/9/2005	IMLB0503546743
Violations						
Evaporation Pits						

Comments on Inspection: Materials have been removed from a production pit located just West of storage tank. Pit has not been declared and closure application has not been submitted. Fluids from pit have run out into pasture to the West for approx 100 yds. This probably occurred during removal of pit contents. Load valve on storage tank is leaking. Violation Rule 50, Rule 13, and Rule 116

SUN STATE No.001

A-7-18S-28E

30-015-24774-00-00

Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
02/04/2005	Routine/Periodic	Mike Bratcher	Yes	No	3/9/2005	IMLB0503543621
Violations						
Evaporation Pits						

Comments on Inspection: Observed roustabout crew excavating a production pit located on the North side of tank battery. Fluids were being brought out of pit and allowed to run out into pasture. Advised that no more fluids were to be allowed to run out and that fluids that had been released would be required to be picked up, along with contaminated soils caused by release. No approval has been applied for or granted for closure of this pit. Violation Rule 50, Rule 13, and Rule 116.

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.