

## NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

**BILL RICHARDSON** 

Governor

Joanna Prukop Cabinet Secretary Mark E. Fesmire, P.E.
Director
Oil Conservation Division

Field Inspection Program
"Preserving the Integrity of Our Environment"

06-Mar-06

## MELROSE OPERATING COMPANY

PO BOX 953

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.

|   |  |                           | INSPECTIO                                      | ON DETAIL                                 | SECTION  |  |                                  |
|---|--|---------------------------|--|---|--|--|----------------------------------|
| ARTESIA Inspection Date 03/06/2006                  | UNIT No.026  Type Inspection  MIT Witnesse | d - Other                 | Inspector<br>Gerry Guye                        | Violation?<br>Yes                         | O-34-17S-28E *Significant Non-Compliance? No     | 30-015-01708-00-<br>Corrective<br>Action Due By:<br>6/9/2006 | Inspection No.<br>iGEG0602327282 |
| Comments  | on Inspection:                             | No Company<br>Contact OCD | Representative on si<br>-Artesia to set up nev | te to witness te<br>w inspection da       | st. Well must be shut<br>te.                     | t-in pending re-schedu                                       | ıling.                           |
| ARTESIA I<br>Inspection<br>Date                     | ·  |                           | Inspector                                      | Violation?                                | M-35-17S-28E *Significant Non-Compliance?        | 30-015-01732-00-<br>Corrective<br>Action Due By:             | 00 Inspection No.                |
| 03/06/2006  | MIT Witnessed                              | d - Other                 | Gerry Guye                                     | Yes                                       | No   | 6/9/2006   | iGEG0602327299                   |
| Comments  | on Inspection:                             | No Company<br>Contact OCD | Representative on si-<br>Artesia to set up nev | te to witness te<br>v inspection da       | st. Well must be shut<br>te.                     | -in pending re-schedu  | ıling.                           |
| ARTESIA UNIT No.023 Inspection Date Type Inspection |  | Inspector                 | Violation?                                     | L-35-17S-28E *Significant Non-Compliance? | 30-015-01746-00-<br>Corrective<br>Action Due By: | 00 Inspection No.  |                                  |
| 03/06/2006  | MIT Witnessed                              | i - Other                 | Gerry Guye                                     | Yes                                       | No   | 6/9/2006   | iGEG0602327297                   |
| Comments  | on Inspection:                             | No Company<br>Contact OCD | Representative on sit<br>Artesia to set up nev | te to witness tes                         | st. Well must be shut<br>te.                     | -in pending re-schedu  | iling.                           |

| T  | INIT No.022   |  |   |  | K-35-17S-28E   | 30-015-01747-00-  | 00  |
|--|---|--|---|--|--|---|---|
| Inspection<br>Date   | Type Inspection   | n  | Inspector   | Violation?   | *Significant<br>Non-Compliance?  | Corrective Action Due By:   | Inspection No.  |
| 03/06/2006   | MIT Witness   | ed - Other   | Gerry Guye  | Yes  | No   | 6/9/2006  | iGEG0602327294  |
| Comments of  | n Inspection:   |  | Representative on sit<br>Artesia to set up nev  |  |  | in pending re-schedu  | lling.  |
| ARTESIA U  | NIT No.008  |  |   |  | A-35-17S-28E   | 30-015-01751-00-  | 00  |
| Inspection<br>Date   | Type Inspection   |  | Inspector   | Violation?   | *Significant<br>Non-Compliance?  | Corrective Action Due By:   | Inspection No.  |
| 03/06/2006   | MIT Witness   | ed - Other   | Gerry Guye  | Yes  | No   | 6/9/2006  | iGEG0602327287  |
| Comments o   | n Inspection:   |  | Representative on sit<br>Artesia to set up nev  |  |  | -in pending re-schedu   | lling.  |
| ARTESIA U  | NIT No.014  |  |   |  | G-35-17S-28E   | 30-015-01755-00-  | 00  |
| Inspection<br>Date   | Type Inspection   | 1  | Inspector   | Violation?   | *Significant<br>Non-Compliance?  | Corrective  | Inspection No.  |
| 03/06/2006   | MIT Witness   |  | Gerry Guye  | Yes  | Non-Computance:<br>No  | Action Due By: 6/9/2006   | iGEG0602327289  |
|  | n Inspection:   | No Company F   | • •   | te to witness tes  | st. Well must be shut  | -in pending re-schedu   |   |
| ARTESIA U  | NIT No.049  | Contact OCD-2  | Titesia to set up nev   |  | E-2-18S-28E  | 30-015-01779-00-  | 00  |
| Inspection<br>Date   | Type Inspection   | •  | Inspector   | Violation?   | *Significant<br>Non-Compliance?  | Corrective<br>Action Due By:  | Inspection No.  |
| 03/06/2006   | MIT Witnesse  |  | Gerry Guye  | Yes  | No   | 6/9/2006  | iGEG0602331500  |
|  | n Inspection:   | No Company R   | , ,   | te to witness tes  | st. Well must be shut-   | -in pending re-schedu   |   |
| ARTESIA U  | NIT No.063  |  |   |  | M-2-18S-28E  | 30-015-01781-00-  | 00  |
| Inspection   |   |  | _   |  | *Significant   | Corrective  |   |
| Date   | Type Inspection   |  | Inspector   | Violation?   | Non-Compliance?  | Action Due By:  | Inspection No.  |
| 03/06/2006   | MIT Witnesse  |  | Gerry Guye  | Yes  | No   | 6/9/2006  | iGEG0602331502  |
| Comments of  | n Inspection:   |  | Representative on sit<br>Artesia to set up nev  |  |  | in pending re-schedu  | ling.   |
| ARTESIA U  | NIT No.036  |  |   |  | D-2-18S-28E  | 30-015-01782-00-  | 00  |
| Inspection   | Type Inspection   |  | Inspector   | Violation?   | *Significant   | Corrective  | Inspection No.  |
| Date<br>03/06/2006   |   |  | Gerry Guye  |  | Non-Compliance?<br>No  | Action Due By: 6/9/2006   | -   |
|  | MILL Withece  |  |   | Y AC   |  |   | 10 x 14 ( x (16) 17 3 3 1 4 4 6   |
|  | MIT Witnessen Inspection:   | No Company R   | Representative on sit   |  | st. Well must be shut-   | in pending re-schedu  |   |
| Comments of  | n Inspection:   | No Company R   |   | te to witness tes  | st. Well must be shut-   | -in pending re-schedu   | ling.   |
| Comments of  | n Inspection:   | No Company R   | Representative on sit   | te to witness tes  | st. Well must be shut-<br>te. M-3-18S-28E  | in pending re-schedu  | ling.   |
| Comments of  | n Inspection:   | No Company R<br>Contact OCD-A  | Representative on sit   | te to witness tes  | st. Well must be shut-   | -in pending re-schedu   | ling.   |
| Comments of ARTESIA U  | n Inspection:   | No Company R<br>Contact OCD-A  | Representative on sit<br>Artesia to set up new  | te to witness tes<br>v inspection dat  | st. Well must be shut-<br>te.  M-3-18S-28E  *Significant   | -in pending re-schedu<br>30-015-01792-00-<br>Corrective   | 00  |
| Comments of ARTESIA U. Inspection Date   | n Inspection:  NIT No.059  Type Inspection  MIT Witnesse  | No Company R Contact OCD-A ed - Other No Company R   | Representative on sit<br>Artesia to set up new<br>Inspector<br>Gerry Guye   | vinspection dat  Violation?  Yes te to witness tes   | M-3-18S-28E  *Significant Non-Compliance? No   | -in pending re-schedu 30-015-01792-00- Corrective Action Due By:  | ling.  00  Inspection No.  iGEG0602331510   |
| ARTESIA U Inspection Date 03/06/2006   | n Inspection:  NIT No.059  Type Inspection  MIT Witnessen Inspection:   | No Company R Contact OCD-A ed - Other No Company R   | Representative on sit<br>Artesia to set up new<br>Inspector<br>Gerry Guye   | vinspection dat  Violation?  Yes te to witness tes vinspection dat   | M-3-18S-28E  *Significant Non-Compliance? No   | 30-015-01792-00-Corrective Action Due By: 6/9/2006  | Inspection No. iGEG0602331510   |
| ARTESIA U Inspection Date 03/06/2006 Comments of   | NIT No.059  Type Inspection MIT Witnessen Inspection:  NIT No.044   | No Company R Contact OCD-A  ed - Other  No Company R Contact OCD-A                                       | Representative on sit<br>Artesia to set up new<br>Inspector<br>Gerry Guye<br>Representative on sit<br>Artesia to set up new   | vinspection dat  Violation?  Yes to witness tes vinspection dat  | M-3-18S-28E  *Significant Non-Compliance? No  tt. Well must be shutte.  E-3-18S-28E  *Significant  | 30-015-01792-00-Corrective Action Due By: 6/9/2006 -in pending re-schedu 30-015-01796-00-Corrective   | Inspection No. iGEG0602331510 ling.   |
| ARTESIA U Inspection Date 03/06/2006 Comments of   | n Inspection:  NIT No.059  Type Inspection  MIT Witnessen Inspection:  NIT No.044  Type Inspection                | No Company R Contact OCD-A ed - Other No Company R Contact OCD-A   | Representative on sit Artesia to set up new Inspector Gerry Guye Representative on sit Artesia to set up new Inspector  | vinspection dat  Violation?  Yes te to witness tests inspection dat  Violation?  | M-3-18S-28E *Significant Non-Compliance? No t. Well must be shutte.  E-3-18S-28E *Significant Non-Compliance?  | 30-015-01792-00-Corrective Action Due By: 6/9/2006 -in pending re-schedu 30-015-01796-00-Corrective Action Due By:  | ling.  Inspection No.  iGEG0602331510 ling.  Inspection No.                       |
| ARTESIA U Inspection Date 03/06/2006 Comments of  ARTESIA U Inspection Date 03/06/2006             | NIT No.059  Type Inspection MIT Witnessen Inspection:  NIT No.044   | No Company R Contact OCD-A  ed - Other No Company R Contact OCD-A  ed - Other No Company R               | Inspector Gerry Guye Representative on sit Artesia to set up new Inspector Gerry Guye Representative on sit Artesia to set up new Inspector Gerry Guye Representative on sit            | Violation? Yes to witness test vinspection dat  Violation? Yes to witness test vinspection dat  Violation? Yes to witness test                       | M-3-18S-28E *Significant Non-Compliance? No st. Well must be shutte.  E-3-18S-28E *Significant Non-Compliance? No st. Well must be shutte.                               | 30-015-01792-00-Corrective Action Due By: 6/9/2006 -in pending re-schedu 30-015-01796-00-Corrective   | ling.  Inspection No.  iGEG0602331510 ling.  Inspection No.  iGEG0605346134       |
| ARTESIA U Inspection Date 03/06/2006 Comments of  ARTESIA U Inspection Date 03/06/2006 Comments of | n Inspection:  NIT No.059  Type Inspection  MIT Witnesse n Inspection:  NIT No.044  Type Inspection  MIT Witnesse | No Company R Contact OCD-A  ed - Other No Company R Contact OCD-A  ed - Other No Company R Contact OCD-A | Inspector Gerry Guye Representative on sit Artesia to set up new Artesia to set up new Inspector Gerry Guye Company Guye Company Guye Gerry Guye Gerry Guye                             | Violation? Yes to witness test vinspection dat  Violation? Yes vinspection dat  Violation? Yes to witness test vinspection dat                       | M-3-18S-28E *Significant Non-Compliance? No st. Well must be shutte.  E-3-18S-28E *Significant Non-Compliance? No st. Well must be shutte.                               | -in pending re-schedu  30-015-01792-00-  Corrective Action Due By: 6/9/2006  -in pending re-schedu  30-015-01796-00-  Corrective Action Due By: 6/9/2006  | Inspection No. iGEG0602331510 ling.  Inspection No. iGEG0605346134 ling.          |
| ARTESIA U Inspection Date 03/06/2006 Comments of  ARTESIA U Inspection Date 03/06/2006 Comments of | NIT No.059  Type Inspection: MIT Witnessen Inspection: NIT No.044  Type Inspection MIT Witnessen Inspection:      | No Company R Contact OCD-A  ed - Other No Company R Contact OCD-A  ed - Other No Company R Contact OCD-A | Inspector Gerry Guye Representative on sit Artesia to set up new Inspector Representative on sit Artesia to set up new Inspector Gerry Guye Representative on sit Artesia to set up new | Violation? Yes te to witness test vinspection dat  Violation? Yes to witness test vinspection dat  Violation? Yes te to witness test vinspection dat | M-3-18S-28E  *Significant Non-Compliance? No st. Well must be shutte.  E-3-18S-28E  *Significant Non-Compliance? No st. Well must be shutte.  A-10-18S-28E  *Significant | -in pending re-schedu  30-015-01792-00-Corrective Action Due By: 6/9/2006 -in pending re-schedu  30-015-01796-00-Corrective Action Due By: 6/9/2006 -in pending re-schedu  30-015-01809-00-Corrective | ling.  Inspection No.  iGEG0602331510 ling.  Inspection No.  iGEG0605346134 ling. |
| ARTESIA U Inspection Date 03/06/2006 Comments of  ARTESIA U Inspection Date 03/06/2006 Comments of | NIT No.059  Type Inspection: MIT Witnessen Inspection: NIT No.044  Type Inspection MIT Witnessen Inspection:      | No Company R Contact OCD-A  ed - Other No Company R Contact OCD-A  ed - Other No Company R Contact OCD-A | Inspector Gerry Guye Representative on sit Artesia to set up new Inspector Gerry Guye Representative on sit Artesia to set up new Inspector Gerry Guye Representative on sit            | Violation? Yes to witness test vinspection dat  Violation? Yes vinspection dat  Violation? Yes to witness test vinspection dat                       | M-3-18S-28E  *Significant Non-Compliance? No st. Well must be shutte.  E-3-18S-28E  *Significant Non-Compliance? No st. Well must be shutte.  A-10-18S-28E               | -in pending re-schedu  30-015-01792-00-  Corrective Action Due By: 6/9/2006 -in pending re-schedu  30-015-01796-00-  Corrective Action Due By: 6/9/2006 -in pending re-schedu  30-015-01809-00-       | ling.  Inspection No.  iGEG0602331510 ling.  Inspection No.  iGEG0605346134 ling. |

**DUNN B FEDERAL No.015** E-10-18S-28E 30-015-01811-00-00 Inspection \*Significant Corrective **Type Inspection** Violation? Inspector Inspection No. Date Non-Compliance? Action Due By: 03/06/2006 MIT Witnessed - Other Gerry Guye Yes iGEG0602331523 **Comments on Inspection:** No Company Representative on site to witness test. Well must be shut-in pending re-scheduling. Contact OCD-Artesia to set up new inspection date. **DUNN B FEDERAL No.017** C-10-18S-28E 30-015-01812-00-00 Inspection \*Significant Corrective Type Inspection Inspector Violation? Inspection No. Date Non-Compliance? Action Due By: 03/06/2006 MIT Witnessed - Other Gerry Guye Yes No 6/9/2006 iGEG0602331521 Comments on Inspection: No Company Representative on site to witness test. Well must be shut-in pending re-scheduling. Contact OCD-Artesia to set up new inspection date. **DUNN B FEDERAL No.019** G-10-18S-28E 30-015-01813-00-00 Inspection \*Significant Corrective Type Inspection Inspector Violation? Date Inspection No. Non-Compliance? Action Due By: 03/06/2006 MIT Witnessed - Other Gerry Guye Yes No 6/9/2006 iGEG0602331525 Comments on Inspection: No Company Representative on site to witness test. Well must be shut-in pending re-scheduling. Contact OCD-Artesia to set up new inspection date. **DUNN B FEDERAL No.005** I-11-18S-28E 30-015-01823-00-00 Inspection \*Significant Corrective Type Inspection Inspector Violation? Date Non-Compliance? Inspection No. Action Due By: 03/06/2006 MIT Witnessed - Other Gerry Guye Yes 6/9/2006 iGEG0602331529 No Company Representative on site to witness test. Well must be shut-in pending re-scheduling. Comments on Inspection: Contact OCD-Artesia to set up new inspection date. **DUNN B FEDERAL No.018** C-11-18S-28E 30-015-01825-00-00 Inspection \*Significant Corrective **Type Inspection** Date Inspector Violation? Inspection No. Non-Compliance? Action Due By: 03/06/2006 MIT Witnessed - Other Gerry Guye Yes No 6/9/2006 iGEG0602331527 Comments on Inspection: No Company Representative on site to witness test. Well must be shut-in pending re-scheduling. Contact OCD-Artesia to set up new inspection date. **DUNN A FEDERAL No.001** G-12-18S-28E 30-015-01830-00-00 Inspection \*Significant Corrective Type Inspection Inspector Violation? Date Inspection No. Non-Compliance? Action Due By: 03/06/2006 MIT Witnessed - Other Gerry Guye Yes No 6/9/2006 iGEG0602331533 Comments on Inspection: No Company Representative on site to witness test. Well must be shut-in pending re-scheduling. Contact OCD-Artesia to set up new inspection date. **DUNN B FEDERAL No.006** M-12-18S-28E 30-015-01832-00-00 Inspection \*Significant Corrective Type Inspection Inspector Date Violation? Inspection No. Non-Compliance? Action Due By: 03/06/2006 MIT Witnessed - Other Gerry Guye Yes No 6/9/2006 iGEG0602331537 Comments on Inspection: No Company Representative on site to witness test. Well must be shut-in pending re-scheduling. Contact OCD-Artesia to set up new inspection date. **DUNN B FEDERAL No.008** O-12-18S-28E 30-015-01834-00-00 Inspection \*Significant Corrective Type Inspection Date Inspector Violation? Non-Compliance? Action Due By: Inspection No. 03/06/2006 MIT Witnessed - Other Gerry Guye Yes iGEG0602331539 No Company Representative on site to witness test. Well must be shut-in pending re-scheduling. Comments on Inspection: Contact OCD-Artesia to set up new inspection date. **DUNN B FEDERAL No.027** I-12-18S-28E 30-015-01836-00-00 Inspection \*Significant Corrective Type Inspection Date Inspector Violation? Inspection No. Non-Compliance? Action Due By: 03/06/2006 MIT Witnessed - Other Gerry Guve 6/9/2006 Yes No iGEG0602331535 Comments on Inspection: No Company Representative on site to witness test. Well must be shut-in pending re-scheduling. Contact OCD-Artesia to set up new inspection date.

**MERSHON STATE No.003** E-21-18S-28E 30-015-02005-00-00 Inspection \*Significant Corrective Date Type Inspection Inspector Violation? Inspection No. Non-Compliance? Action Due By: 03/06/2006 MIT Witnessed - Other Gerry Guve Yes 6/9/2006 No iGEG0602331550 Comments on Inspection: No Company Representative on site to witness test. Well must be shut-in pending re-scheduling. Contact OCD-Artesia to set up new inspection date. STATE 647 AC 711 No.092 N-27-18S-28E 30-015-02052-00-00 Inspection \*Significant Corrective Type Inspection Inspector Violation? Date Inspection No. Non-Compliance? Action Due By: 03/06/2006 MIT Witnessed - Other Gerry Guye Yes No 6/9/2006 iGEG0602331561 **Comments on Inspection:** No Company Representative on site to witness test. Well must be shut-in pending re-scheduling. Contact OCD-Artesia to set up new inspection date. STATE 647 AC 711 No.100 A-27-18S-28E 30-015-02054-00-00 Inspection \*Significant Corrective Type Inspection Inspector Violation? Date Inspection No. Non-Compliance? Action Due By: 03/06/2006 MIT Witnessed - Other Gerry Guye Yes No 6/9/2006 iGEG0602331553 No Company Representative on site to witness test. Well must be shut-in pending re-scheduling. Comments on Inspection: Contact OCD-Artesia to set up new inspection date. ARTESIA UNIT No.047 G-3-18S-28E 30-015-02545-00-00 Inspection \*Significant Corrective **Type Inspection** Inspector Violation? Date Non-Compliance? **Action Due By:** Inspection No. 03/06/2006 MIT Witnessed - Other Gerry Guve Yes No 6/9/2006 iGEG0602331506 Comments on Inspection: No Company Representative on site to witness test. Well must be shut-in pending re-scheduling. Contact OCD-Artesia to set up new inspection date. STATE 647 AC 711 No.084 L-27-18S-28E 30-015-06109-00-00 Inspection \*Significant Corrective Type Inspection Inspector Violation? Date Inspection No. Non-Compliance? Action Due By: 03/06/2006 MIT Witnessed - Other Gerry Guye Yes No 6/9/2006 iGEG0602331559 No Company Representative on site to witness test. Well must be shut-in pending re-scheduling. Comments on Inspection: Contact OCD-Artesia to set up new inspection date. ARTESIA UNIT No.007 D-36-17S-28E 30-015-10080-00-00 Inspection \*Significant Corrective Type Inspection Inspector Violation? Date Inspection No. Non-Compliance? Action Due By: 03/06/2006 MIT Witnessed - Other Gerry Guye Yes No 6/9/2006 iGEG0602327304 Comments on Inspection: No Company Representative on site to witness test. Well must be shut-in pending re-scheduling Contact OCD-Artesia to set up new inspection date. **DUNN B FEDERAL No.030** K-11-18S-28E 30-015-10293-00-00 Inspection \*Significant Corrective Type Inspection Inspector Violation? Inspection No. Date Non-Compliance? Action Due By: 03/06/2006 MIT Witnessed - Other Gerry Guye Yes Nο 6/9/2006 iGEG0602331531 Comments on Inspection: No Company Representative on site to witness test. Well must be shut-in pending re-scheduling. Contact OCD-Artesia to set up new inspection date. STATE 647 AC 721 No.207 I-33-18S-28E 30-015-10782-00-00 Inspection \*Significant Corrective Type Inspection Inspector Violation? Inspection No. Date Non-Compliance? Action Due By: 03/06/2006 MIT Witnessed - Other Gerry Guye Yes 6/9/2006 iGEG0602331570 Comments on Inspection: No Company Representative on site to witness test. Well must be shut-in pending re-scheduling. Contact OCD-Artesia to set up new inspection date. ARTESIA UNIT No.065 G-3-18S-28E 30-015-20273-00-00 Inspection \*Significant Corrective Type Inspection Inspector Violation? Inspection No. Date Non-Compliance? Action Due By: 03/06/2006 MIT Witnessed - Other Gerry Guye Yes No 6/9/2006 iGEG0602331504 Comments on Inspection: No Company Representative on site to witness test. Well must be shut-in pending re-scheduling. Contact OCD-Artesia to set up new inspection date.

ARTESIA UNIT No.067

K-3-18S-28E

30-015-20327-00-00

Inspection Date

03/06/2006

Type Inspection

MIT Witnessed - Other

Inspector

Violation?

\*Significant Non-Compliance?

Corrective Action Due By:

Inspection No.

Gerry Guye

Yes

No

6/9/2006

iGEG0602331508

Comments on Inspection:

No Company Representative on site to witness test. Well must be shut-in pending re-scheduling.

Contact OCD-Artesia to set up new inspection date.

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 Divison 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.

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.