



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

*With respect to the
inspecting the integrity of the tank, etc.*

21-Sep-05

BURNETT OIL CO INC

PO Box 188

Loco Hills NM 88255

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

JACKSON B No.006

D-25-17S-30E

30-015-04326-00-00

Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
09/21/2005	Routine/Periodic	Chris Beadle	Yes	No	10/21/2005	iCLB0526444308
Violations						
Surface Damage/Restoration						
Surface Leaks/Spills						

Comments on Inspection: Produced fluids pooled at wellhead. Contamination from saturated soils running off down slope on to adjacent Oak Lake 25 Fed #1 location.

Open pit has hydrocarbon contaminated sludge, liner is breached, pit wall has been impacted by contamination from pit sludge. Well is plumbed similar to injection well but current production is being reported.

Tank battery southeast of well has contaminated soils inside the berm with very heavy hydrocarbon smell.

Remediation is required. Contact NMOCD District 2 Environmental Compliance Officer with site ranking and remediation work plan prior to October 21, 2005.

Notify NMOCD District 2 Office 48 hours prior to any remediation work or prior to taking samples where results of the samples may be submitted to OCD.

JACKSON B No.010

G-25-17S-30E

30-015-04330-00-00

Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
09/21/2005	Routine/Periodic	Chris Beadle	Yes	No	10/21/2005	iCLB0526446196
Violations						
Surface Damage/Restoration						
Surface Leaks/Spills						
Substandard Equipment and/or Needs Repair						

Comments on Inspection: Produced fluids are flowing out of wellhead onto location, pooling and running off in all directions. Wellhead area has heavy hydrocarbon contamination from past releases with chloride staining also present.

Flow line, approximately 50 feet west of well has leaked and been repaired. Pasture impacted over approximately 25 square foot area at the release point. Contamination has flowed down a natural drainage from the flow line release and contaminated soils for at least 100 yards down this drainage.

Remediation is required. Submit C-141 and contact NMOCD District 2 Environmental Compliance Officer with site ranking and remediation work plan.

Notify NMOCD District 2 Office 48 hours prior to any remediation work or prior to taking samples where results of the samples may be submitted to 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.