



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

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Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

*Oil Inspection Program
"Preserving the Integrity of the Environment"*

17-Oct-05

READ & STEVENS INC

PO BOX 1518

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

NIX FEDERAL No.003

E-27-21S-28E

30-015-28235-00-00

Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
10/17/2005	Routine/Periodic	Chris Beadle	Yes	No	11/17/2005	iCLB0529039731
Violations						
Surface Damage/Restoration						
Surface Leaks/Spills						
Surface Release						

Comments on Inspection: Water tank has overflowed. Soils inside berm are heavily saturated with produced fluids. Heavy hydrocarbon and chloride staining on south berm, heavily saturated soils around all tanks. Contamination leaching along outside of berm walls on south and east sides.

Chloride staining around pump between gunbarrel and tank battery. Heavy hydrocarbon staining in pasture covering area approximately 75-100 square feet and appears to be from gun barrel blow-down piping. Contamination at wellhead extends over approximately 100 square feet towards east from wellhead. Pumpjack operating, no active leaks observed.

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

Notify NMOC 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.

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Violations

Exceeded Allowable Inj. Pressures

Comments on Inspection: Injection Pressure Over Limit. (Rule 703/704 B.) Pressure gauge reads 800 psi, maximum allowable pressure is 521 psi. Meter reads 329683. Well must be shut-in immediately and remain shut-in until well pressure is within allowable limits. Called Will Palmer (505-390-2424) to shut-in well. Contact NMOCD District 2 Office to schedule mechanical integrity test prior to resuming injection.

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.