

NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Lori Wrotenbery

Director

Oil Conservation Division

Field Inspection Program
"Preserving the Integrity of Our Environment"

30-Jun-03

READ & STEVENS INC PO BOX 1518 ROSWELL, NM 88201-0000

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.

| | | | INSPECT | ION DETAIL | SECTION | | |
|--------------------------------|-----------------------------|--|---------------|-------------------------|---|------------------------------|----------------|
| BUNKER I Inspection Date | HILL WATER Type Inspection | | 016 M | -13-16S-31E Violation? | 30-015-23485-00-00 *Significant Non-Compliance? | Corrective Action Due By: | Inspection No. |
| 06/26/2003 | Routine/Perio | dic | Mike Bratche | r Yes | No | 7./28/200 3 | iMLB0317750003 |
| Comments | on Inspection: | Heavy contamin Rule 116. Well s | | | treater at tank battery. Vi | olation Rule 13 | and |
| BUNKER F Inspection Date | Type Inspection | | 006 F- | 13-16S-31E Violation? | 30-015-24270-00-00 *Significant Non-Compliance? | Corrective Action Due By: | Inspection No. |
| 06/26/2003 | Routine/Perio | dic | Mike Bratcher | Yes | . No | 7/28/2003 | iMLB0317744675 |
| Comments | on Inspection: | | | | nding at wellhead area. Fi avy oil on the ground. Vi | | |
| BUNKER H Inspection Date | ILL WATER | FLOOD UNIT | 010 I-1 | 4-16S-31E Violation? | 30-015-24559-00-00 *Significant Non-Compliance? | Corrective Action Due By: | Inspection No. |
| 06/26/2003 | Routine/Period | lic | Mike Bratcher | Yes | No | 7/28/2003 | iMLB0317747941 |
| Comments on Inspection: | | Area at fiberglass tank has contamination and standing oil at base. Violation Rule 13 and Rule | | | | | |

116. Tank is not netted. Violation Rule 18.

BUTKER HILL WATER FLOOD UNIT 011 J-14-16S-31E 30-015-24560-00-00 *Significant Inspection Corrective Violation? Inspection No. Date Type Inspection Inspector Non-Compliance? Action Due By: Yes No 7/28/2003 iMLB0317748692 06/26/2003 Routine/Periodic Mike Bratcher Comments on Inspection: No well sign. Violation Rule 103. **BANDIT STATE 004** D-10-23S-26E 30-015-32553-00-00 Inspection *Significant Corrective Violation? Date Type Inspection Inspector Non-Compliance? Action Due By: Inspection No. 06/26/2003 Routine/Periodic Gerry Guye Yes No 7/28/2003 iGEG0317749483

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.

Violation of Rule 103(No well sign)

Sincerely,

Artesia OCD District Office

Comments on Inspection:

Note: nformation 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.