



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

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Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

*Field Inspection Program
"Protecting the Integrity of the Environment"*

19-Jun-06

SOUTHWESTERN ENERGY PRODUCTION COMPANY

2350 N. SAM HOUSTON PKWY E SUITE 300

HOUSTON TX 77032

LETTER OF VIOLATION - Inspection

LOV No. 20604

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

KARLSBAD CORRAL 2 STATE No.002H

P-2-25S-29E

30-015-33532-00-00

Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
06/16/2006	Routine/Periodic	Richard Inge	Yes	No	7/9/2006	iREI0616749803

Comments on Inspection: No plugging marker found for well. Violation of Rule 202.B.2. Provide written response to the OCD on the plan to bring this well into compliance by the due date.

KARLSBAD CORRAL 2 STATE No.003H

P-2-25S-29E

30-015-33722-00-00

Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
06/16/2006	Routine/Periodic	Richard Inge	Yes	No	7/9/2006	iREI0616749646

Violations

Emergency/Temporary Pits

Comments on Inspection: Open drilling pit is in violation of Rule 50. Submit C144 Closure plan by compliance due 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 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,

Richard Inge

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.