



# 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 the Environment"*

27-Jul-06

**TIPTON OIL & GAS ACQUISITIONS, INC.**

P.O. BOX 1597

LOVINGTON NM 88260

**LETTER OF VIOLATION - Inspection**

*Low NO. 020627*

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**

| TWIN LAKES SAN ANDRES UNIT No.045                                                             |                  |              |            | N-36-8S-28E                  | 30-005-00342-00-00        |                |
|-----------------------------------------------------------------------------------------------|------------------|--------------|------------|------------------------------|---------------------------|----------------|
| Inspection Date                                                                               | Type Inspection  | Inspector    | Violation? | *Significant Non-Compliance? | Corrective Action Due By: | Inspection No. |
| 07/14/2006                                                                                    | Routine/Periodic | Phil Hawkins | Yes        | No                           | 8/31/2006                 | iPCH0619539604 |
| Comments on Inspection: Release around pumping unit and flow line.ground contaminatedRule 116 |                  |              |            |                              |                           |                |

| TWIN LAKES SAN ANDRES UNIT No.016                                                                                                        |                  |              |            | D-36-8S-28E                  | 30-005-60470-00-00        |                |
|------------------------------------------------------------------------------------------------------------------------------------------|------------------|--------------|------------|------------------------------|---------------------------|----------------|
| Inspection Date                                                                                                                          | Type Inspection  | Inspector    | Violation? | *Significant Non-Compliance? | Corrective Action Due By: | Inspection No. |
| 07/19/2006                                                                                                                               | Routine/Periodic | Phil Hawkins | Yes        | No                           | 8/31/2006                 | iPCH0620040433 |
| Comments on Inspection: Release at wellhead,packing leaking.pump unit pulled off well.current operator not on well sign.Rule 103 and 116 |                  |              |            |                              |                           |                |

| TWIN LAKES SAN ANDRES UNIT No.018                                                                                                                            |                  |              |            | B-36-8S-28E                  | 30-005-60536-00-00        |                |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|--------------|------------|------------------------------|---------------------------|----------------|
| Inspection Date                                                                                                                                              | Type Inspection  | Inspector    | Violation? | *Significant Non-Compliance? | Corrective Action Due By: | Inspection No. |
| 07/14/2006                                                                                                                                                   | Routine/Periodic | Phil Hawkins | Yes        | No                           | 8/31/2006                 | iPCH0619537452 |
| Comments on Inspection: well sign does not have current operator,small packing leak,small pit on location.flow line release West of locationRule 103 and 116 |                  |              |            |                              |                           |                |

**SEANNA No.001**

A-12-8S-28E

30-005-60604-00-00

| Inspection Date                                                                                         | Type Inspection  | Inspector    | Violation? | *Significant Non-Compliance? | Corrective Action Due By: | Inspection No. |
|---------------------------------------------------------------------------------------------------------|------------------|--------------|------------|------------------------------|---------------------------|----------------|
| 06/16/2006                                                                                              | Routine/Periodic | Phil Hawkins | Yes        | No                           | 8/31/2006                 | iPCH0616741510 |
| Comments on Inspection: No Well Sign (Rule 103).Location Needs Major Attention(Contamination) Rule #116 |                  |              |            |                              |                           |                |

**UNION HAPPY No.002**

J-1-8S-28E

30-005-60622-00-00

| Inspection Date                                                                                      | Type Inspection  | Inspector    | Violation? | *Significant Non-Compliance? | Corrective Action Due By: | Inspection No. |
|------------------------------------------------------------------------------------------------------|------------------|--------------|------------|------------------------------|---------------------------|----------------|
| 06/16/2006                                                                                           | Routine/Periodic | Phil Hawkins | Yes        | No                           | 8/31/2006                 | iPCH0616740263 |
| Comments on Inspection: No Well Sign (Rule 103).Packing leak soil contaminated Violation of Rule 116 |                  |              |            |                              |                           |                |

**SEANNA No.002**

H-12-8S-28E

30-005-60623-00-00

| Inspection Date                                                                                                                                            | Type Inspection  | Inspector    | Violation? | *Significant Non-Compliance? | Corrective Action Due By: | Inspection No. |
|------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|--------------|------------|------------------------------|---------------------------|----------------|
| 06/19/2006                                                                                                                                                 | Routine/Periodic | Phil Hawkins | Yes        | No                           | 8/31/2006                 | iPCH0617039319 |
| Comments on Inspection: No Well Sign (Rule 103). Dead birds at well head.Fluid releas at well run into pasture about 125'.Fresh dirt over release.Rule 116 |                  |              |            |                              |                           |                |

**O'BRIEN DEMING 6 No.001**

M-6-8S-29E

30-005-60634-00-00

| Inspection Date                                                                                                                            | Type Inspection  | Inspector    | Violation? | *Significant Non-Compliance? | Corrective Action Due By: | Inspection No. |
|--------------------------------------------------------------------------------------------------------------------------------------------|------------------|--------------|------------|------------------------------|---------------------------|----------------|
| 06/16/2006                                                                                                                                 | Routine/Periodic | Phil Hawkins | Yes        | No                           | 8/31/2006                 | iPCH0616745218 |
| Comments on Inspection: No Well Sign (Rule 103).Tanks Leaking Soil Contaminated Rule #116,Old Production Pit with tires and sluge Rule #50 |                  |              |            |                              |                           |                |

**TWIN LAKES SAN ANDRES UNIT No.002**

K-25-8S-28E

30-005-60648-00-00

| Inspection Date                                                                                        | Type Inspection  | Inspector    | Violation? | *Significant Non-Compliance? | Corrective Action Due By: | Inspection No. |
|--------------------------------------------------------------------------------------------------------|------------------|--------------|------------|------------------------------|---------------------------|----------------|
| 07/21/2006                                                                                             | Routine/Periodic | Phil Hawkins | Yes        | No                           | 8/31/2006                 | iPCH0620243605 |
| Comments on Inspection: Large release off location,current operator not on well sign .Rule 116 and 103 |                  |              |            |                              |                           |                |

**O'BRIEN FEE 25 No.005**

H-25-8S-28E

30-005-60655-00-00

| Inspection Date                                                                                                        | Type Inspection  | Inspector    | Violation? | *Significant Non-Compliance? | Corrective Action Due By: | Inspection No. |
|------------------------------------------------------------------------------------------------------------------------|------------------|--------------|------------|------------------------------|---------------------------|----------------|
| 07/11/2006                                                                                                             | Routine/Periodic | Phil Hawkins | Yes        | No                           | 8/31/2006                 | iPCH0619238839 |
| Comments on Inspection: No Well Sign (Rule 103).Unlined pit with fluid running into pit from leaking CSG valve Rule 50 |                  |              |            |                              |                           |                |

**O'BRIEN FEE 19 No.005**

K-19-8S-29E

30-005-60716-00-00

| Inspection Date                                                         | Type Inspection  | Inspector    | Violation? | *Significant Non-Compliance? | Corrective Action Due By: | Inspection No. |
|-------------------------------------------------------------------------|------------------|--------------|------------|------------------------------|---------------------------|----------------|
| 06/19/2006                                                              | Routine/Periodic | Phil Hawkins | Yes        | No                           | 8/31/2006                 | iPCH0617046317 |
| Comments on Inspection: Large Flow Line release NW of Location Rule 116 |                  |              |            |                              |                           |                |

**O'BRIEN DEMING 6 No.002**

N-6-8S-29E

30-005-60730-00-00

| Inspection Date                                                                                                                                                 | Type Inspection  | Inspector    | Violation? | *Significant Non-Compliance? | Corrective Action Due By: | Inspection No. |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|--------------|------------|------------------------------|---------------------------|----------------|
| 06/19/2006                                                                                                                                                      | Routine/Periodic | Phil Hawkins | Yes        | No                           | 8/31/2006                 | iPCH0617038717 |
| Comments on Inspection: Flow line leak aprox. 75' S/w of well. Grass and brush dead,Packing leak at well run off pad about 50'.Rule #116.No well siga Rule #103 |                  |              |            |                              |                           |                |

**ELIZABETH No.003**

C-7-8S-29E

30-005-60744-00-00

| Inspection Date                                                          | Type Inspection  | Inspector    | Violation? | *Significant Non-Compliance? | Corrective Action Due By: | Inspection No. |
|--------------------------------------------------------------------------|------------------|--------------|------------|------------------------------|---------------------------|----------------|
| 06/19/2006                                                               | Routine/Periodic | Phil Hawkins | Yes        | No                           | 8/31/2006                 | iPCH0617037850 |
| Comments on Inspection: Contamination at Well Head,Packing leak Rule 116 |                  |              |            |                              |                           |                |

**O'BRIEN FEE 24 No.001**

I-24-8S-28E

30-005-60803-00-00

| Inspection Date | Type Inspection  | Inspector    | Violation? | *Significant Non-Compliance? | Corrective Action Due By: | Inspection No. |
|-----------------|------------------|--------------|------------|------------------------------|---------------------------|----------------|
| 07/11/2006      | Routine/Periodic | Phil Hawkins | Yes        | No                           | 8/31/2006                 | iPCH0619236416 |

Comments on Inspection: Well sign does not have current operator.Packing leaking onto ground.Ground contamination.well sign Rule 103,Release Rule 116

**TWIN LAKES SAN ANDRES UNIT No.037**

J-36-8S-28E

30-005-60973-00-00

| Inspection Date | Type Inspection  | Inspector    | Violation? | *Significant Non-Compliance? | Corrective Action Due By: | Inspection No. |
|-----------------|------------------|--------------|------------|------------------------------|---------------------------|----------------|
| 07/14/2006      | Routine/Periodic | Phil Hawkins | Yes        | No                           | 8/31/2006                 | iPCH0619538601 |

Comments on Inspection: Well sign does not have current operator.Flow line release North of location Rule 103 and Rule 116

**TWIN LAKES SAN ANDRES UNIT No.103**

G-7-9S-29E

30-005-61075-00-00

| Inspection Date | Type Inspection  | Inspector    | Violation? | *Significant Non-Compliance? | Corrective Action Due By: | Inspection No. |
|-----------------|------------------|--------------|------------|------------------------------|---------------------------|----------------|
| 07/17/2006      | Routine/Periodic | Phil Hawkins | Yes        | No                           | 8/31/2006                 | iPCH0619845271 |

Comments on Inspection: flow line release NE of well location in pasture Rule 116

**TWIN LAKES SAN ANDRES UNIT No.094**

B-7-9S-29E

30-005-61106-00-00

| Inspection Date | Type Inspection  | Inspector    | Violation? | *Significant Non-Compliance? | Corrective Action Due By: | Inspection No. |
|-----------------|------------------|--------------|------------|------------------------------|---------------------------|----------------|
| 07/17/2006      | Routine/Periodic | Phil Hawkins | Yes        | No                           | 8/31/2006                 | iPCH0619845795 |

Comments on Inspection: flow line NW of location.operator not current on well signRule 116 and 103

**O'BRIEN FEE 18 No.006**

J-18-8S-29E

30-005-61246-00-00

| Inspection Date | Type Inspection  | Inspector    | Violation? | *Significant Non-Compliance? | Corrective Action Due By: | Inspection No. |
|-----------------|------------------|--------------|------------|------------------------------|---------------------------|----------------|
| 06/19/2006      | Routine/Periodic | Phil Hawkins | Yes        | No                           | 8/31/2006                 | iPCH0617044167 |

Comments on Inspection: No Well Sign (Rule 103).Packing leaking oil run off.needs attention Rule 116

**NANCY No.001**

P-1-8S-28E

30-005-61267-00-00

| Inspection Date | Type Inspection  | Inspector    | Violation? | *Significant Non-Compliance? | Corrective Action Due By: | Inspection No. |
|-----------------|------------------|--------------|------------|------------------------------|---------------------------|----------------|
| 06/16/2006      | Routine/Periodic | Phil Hawkins | Yes        | No                           | 8/31/2006                 | iPCH0616743432 |

Comments on Inspection: No Well Sign (Rule 103).Soil contaminated at well and tankRule 116

**TWIN LAKES SAN ANDRES UNIT No.106**

L-7-9S-29E

30-005-61332-00-00

| Inspection Date | Type Inspection  | Inspector    | Violation? | *Significant Non-Compliance? | Corrective Action Due By: | Inspection No. |
|-----------------|------------------|--------------|------------|------------------------------|---------------------------|----------------|
| 07/17/2006      | Routine/Periodic | Phil Hawkins | Yes        | No                           | 8/31/2006                 | iPCH0619844423 |

Comments on Inspection: flow line release SW of location next to road Rule 116

**O'BRIEN R No.001**

O-21-8S-29E

30-005-62190-00-00

| Inspection Date | Type Inspection  | Inspector    | Violation? | *Significant Non-Compliance? | Corrective Action Due By: | Inspection No. |
|-----------------|------------------|--------------|------------|------------------------------|---------------------------|----------------|
| 07/11/2006      | Routine/Periodic | Phil Hawkins | Yes        | No                           | 8/31/2006                 | iPCH0619240720 |

Comments on Inspection: current opereator is not on well sign at well.tank battery has large of contamination,large pile of containated dirt on location Rule 103 and 116

**TWIN LAKES SAN ANDRES UNIT No.080**

G-6-9S-29E

30-005-62213-00-00

| Inspection Date | Type Inspection  | Inspector    | Violation? | *Significant Non-Compliance? | Corrective Action Due By: | Inspection No. |
|-----------------|------------------|--------------|------------|------------------------------|---------------------------|----------------|
| 07/18/2006      | Routine/Periodic | Phil Hawkins | Yes        | No                           | 8/31/2006                 | iPCH0619940260 |

Comments on Inspection: current operator not on well sign.releases on flow lines around location and on location .Rule 116 and 103

**O'BRIEN P No.003**

E-28-8S-29E

30-005-62267-00-00

| Inspection Date                                                                                                                       | Type Inspection  | Inspector    | Violation? | *Significant Non-Compliance? | Corrective Action Due By: | Inspection No. |
|---------------------------------------------------------------------------------------------------------------------------------------|------------------|--------------|------------|------------------------------|---------------------------|----------------|
| 07/11/2006                                                                                                                            | Routine/Periodic | Phil Hawkins | Yes        | No                           | 8/31/2006                 | iPCH0619242405 |
| Comments on Inspection: Packing and CSG valves leaking on ground,current operator is not on well sign Rule 103 Well Sign and Rule 116 |                  |              |            |                              |                           |                |

**ELIZABETH C No.005**

D-7-8S-29E

30-005-62861-00-00

| Inspection Date                                                                     | Type Inspection  | Inspector    | Violation? | *Significant Non-Compliance? | Corrective Action Due By: | Inspection No. |
|-------------------------------------------------------------------------------------|------------------|--------------|------------|------------------------------|---------------------------|----------------|
| 06/16/2006                                                                          | Routine/Periodic | Phil Hawkins | Yes        | No                           | 8/31/2006                 | iPCH0616744610 |
| Comments on Inspection: No Well Sign (Rule 103).Production Pit Rule 50,.Oil in Pits |                  |              |            |                              |                           |                |

**TWIN LAKES SAN ANDRES UNIT No.200**

I-12-9S-28E

30-005-63138-00-00

| Inspection Date                                                           | Type Inspection  | Inspector    | Violation? | *Significant Non-Compliance? | Corrective Action Due By: | Inspection No. |
|---------------------------------------------------------------------------|------------------|--------------|------------|------------------------------|---------------------------|----------------|
| 07/17/2006                                                                | Routine/Periodic | Phil Hawkins | Yes        | No                           | 8/31/2006                 | iPCH0619841678 |
| Comments on Inspection: release around wellhead and off location Rule 116 |                  |              |            |                              |                           |                |

**TWIN LAKES SAN ANDRES UNIT No.329**

3-6-9S-29E

30-005-63190-00-00

| Inspection Date                                                                                                          | Type Inspection  | Inspector    | Violation? | *Significant Non-Compliance? | Corrective Action Due By: | Inspection No. |
|--------------------------------------------------------------------------------------------------------------------------|------------------|--------------|------------|------------------------------|---------------------------|----------------|
| 07/17/2006                                                                                                               | Routine/Periodic | Phil Hawkins | Yes        | No                           | 8/31/2006                 | iPCH0619837801 |
| Comments on Inspection: large area of release around wellhead and off location,current not on well sign.Rule 103 and 116 |                  |              |            |                              |                           |                |

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.