



# NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

**BILL RICHARDSON**

Governor

**Joanna Prukop**

Cabinet Secretary

**Mark E. Fesmire, P.E.**

Director

**Oil Conservation Division**

29-May-07

**HANSON ENERGY**

PO BOX 1348

ARTESIA NM 88210

LOV NO. 62/3007

## LETTER 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

| BERRY FEDERAL                                                                                                |                            | No.029       | F-23-17S-27E | 30-015-00472-00-00           |                           |                |
|--------------------------------------------------------------------------------------------------------------|----------------------------|--------------|--------------|------------------------------|---------------------------|----------------|
| Inspection Date                                                                                              | Type Inspection            | Inspector    | Violation?   | *Significant Non-Compliance? | Corrective Action Due By: | Inspection No. |
| 05/21/2007                                                                                                   | Inactive Well Verification | Richard Inge | Yes          | No                           | 6/14/2007                 | iREI0714141197 |
| Comments on Inspection: Violation of rule 19.15.4.201. Last report of production 1/1/2005. Pull rod in hole. |                            |              |              |                              |                           |                |

| SAUNDERS A No.007                                                                                                                                                                                                                                                                                     |                            | B-13-17S-27E | 30-015-01244-00-00 |                              |                           |                |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------|--------------|--------------------|------------------------------|---------------------------|----------------|
| Inspection Date                                                                                                                                                                                                                                                                                       | Type Inspection            | Inspector    | Violation?         | *Significant Non-Compliance? | Corrective Action Due By: | Inspection No. |
| 05/21/2007                                                                                                                                                                                                                                                                                            | Inactive Well Verification | Richard Inge | Yes                | No                           | 6/14/2007                 | iREI0714148764 |
| Comments on Inspection: Violation of rule 19.15.4.201. Reporting one barrel of oil since 4/1/2006. No pumping equipment on site. Pull rod in hole. New high pressure hose connected to casing valve. Well does not appear capable of producing. Please indicate how production is being accomplished. |                            |              |                    |                              |                           |                |

| SAUNDERS A No.002                                                                        |                            | B-13-17S-27E | 30-015-01247-00-00 |                              |                           |                |
|------------------------------------------------------------------------------------------|----------------------------|--------------|--------------------|------------------------------|---------------------------|----------------|
| Inspection Date                                                                          | Type Inspection            | Inspector    | Violation?         | *Significant Non-Compliance? | Corrective Action Due By: | Inspection No. |
| 05/21/2007                                                                               | Inactive Well Verification | Richard Inge | Yes                | No                           | 6/14/2007                 | iREI0714148206 |
| Comments on Inspection: Violation of rule 19.15.4.201. Last injection reported 5/1/2004. |                            |              |                    |                              |                           |                |

**BERRY FEDERAL**

No.030

O-23-17S-27E

30-015-21510-00-00

| Inspection Date                                                                                                 | Type Inspection            | Inspector    | Violation? | *Significant Non-Compliance? | Corrective Action Due By: | Inspection No. |
|-----------------------------------------------------------------------------------------------------------------|----------------------------|--------------|------------|------------------------------|---------------------------|----------------|
| 05/21/2007                                                                                                      | Inactive Well Verification | Richard Inge | Yes        | No                           | 6/14/2007                 | iREI0714140576 |
| Comments on Inspection: Violation of rule 19.15.4.201. Last production report 1/1/2005. Electricity turned off. |                            |              |            |                              |                           |                |

**SAUNDERS B No.003**

A-13-17S-27E

30-015-22725-00-00

| Inspection Date                                                                                                                                                    | Type Inspection            | Inspector    | Violation? | *Significant Non-Compliance? | Corrective Action Due By: | Inspection No. |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------|--------------|------------|------------------------------|---------------------------|----------------|
| 05/21/2007                                                                                                                                                         | Inactive Well Verification | Richard Inge | Yes        | No                           | 6/14/2007                 | iREI0714149746 |
| Comments on Inspection: violation of rule 19.15.4.201. Last production report 9/01/2005. Does not appear to be any recent activity. Road to site almost overgrown. |                            |              |            |                              |                           |                |

**SAUNDERS A No.011**

B-13-17S-27E

30-015-24123-00-00

| Inspection Date                                                                                                                                                               | Type Inspection            | Inspector    | Violation? | *Significant Non-Compliance? | Corrective Action Due By: | Inspection No. |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------|--------------|------------|------------------------------|---------------------------|----------------|
| 05/21/2007                                                                                                                                                                    | Inactive Well Verification | Richard Inge | Yes        | No                           | 6/14/2007                 | iREI0714147816 |
| Comments on Inspection: violation of rule 19.15.4.201. Last production report 9/01/1988. Pumpjack disassembled. Tubing in hole capped with bull plug. Electric meter removed. |                            |              |            |                              |                           |                |

**BERRY FEDERAL**

No.034

G-23-17S-27E

30-015-31113-00-00

| Inspection Date                                                                                                                                              | Type Inspection            | Inspector    | Violation? | *Significant Non-Compliance? | Corrective Action Due By: | Inspection No. |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------|--------------|------------|------------------------------|---------------------------|----------------|
| 05/21/2007                                                                                                                                                   | Inactive Well Verification | Richard Inge | Yes        | No                           | 6/14/2007                 | iREI0714141778 |
| Comments on Inspection: Violation of rule 19.15.4.201. Last production reported 1/1/2005. Only casing sticking out of hole. Growth in front of tank battery. |                            |              |            |                              |                           |                |

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.