

7007 2560 0002 2222 8315



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

Response Required – Deadline Enclosed

Field Inspection Program

"Preserving the Integrity of Our Environment"

22-Oct-08

WALSH & WATTS INC

1111 SEVENTH ST

WICHITA FALLS TX 76301

LOV NO. 2-08-159

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

NORTH SQUARE LAKE PREMIER UNIT No.016

M-5-16S-31E

30-015-04806-00-00

Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
10/21/2008	Routine/Periodic	Sherry Bonham	Yes	No	11/7/2008	iSEB0829549948
Violations						
Surface Leaks/Spills						
Substandard Equipment and/or Needs Repair						

Comments on Inspection: 1. Observed two (2) active flow line leaks occurring at approximate GPS coordinates 32.94843N, 103.90004W and at 32.94843N, 103.90088W.

Violation of rule(s)

19.15.1.13 GENERAL OPERATIONS/WASTE PROHIBITED

19.15.3.116 RELEASE NOTIFICATION AND CORRECTIVE ACTION

Action Required: Submit a Initial Report C-141 by the Corrective Action Due Date of November 7, 2008.

2. Observed stuffing box assembly actively leaking.

Violation of rule(s)

19.15.3.115 WELL AND LEASE EQUIPMENT

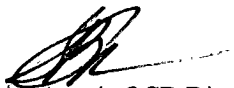
Action Required: Submit documentation of actions taken to correct/repair stuffing box by Corrective Action Due Date of November 7, 2008.

19.15.3.116 RELEASE NOTIFICATION AND CORRECTIVE ACTION

Action Required: Submit a Initial Report C-141 by the Corrective Action Due Date of November 7, 2008.

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.