



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"

05-Mar-09

JAY MANAGEMENT COMPANY, LLC

4801 WOODWAY AVE. SUITE 100E

HOUSTON TX 77056

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

MCCALLISTER No.001

C-7-22S-38E

30-025-22695-00-00

Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
03/04/2009	Routine/Periodic	Mark Whitaker	Yes	No	6/7/2009	iMAW0906341074
Violations						
Absent Well Identification Signs (Rule 103)						
Surface Leaks/Spills						

Comments on Inspection: Wrong operator on well sign. No API # or Footages on sign. Oil and produced water in cellar. Valve on back of south tank seeping oil. NEED TO REPLACE WELL SIGN. REMOVE FLUIDS FROM CELLAR, PIPE ALL BRADENHEADS TO SURFACE, AND FILL IN. REPAIR VALVE ON TANK AND REMOVE CONTAMINATED SOIL AND DISPOSE OF PROPERLY. 1st notice of non-compliance. MW

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,


COMPLIANCE OFFICER

Hobbs 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.

EMNRD
OIL CONSERVATION DIVISION
1625 N FRENCH DRIVE
HOBBS NM 88240



HASLER

017H15554612

\$0.420

03/05/2009

Mailed From 88240

US POSTAGE

JAY MANAGEMENT COMPANY, LLC
4801 WOODWAY AVE. SUITE 100E
HOUSTON, TX 77056