



7 December 2010

Mr. Mike Bratcher
OIL CONSERVATION DIVISION
1301 West Grand Avenue
Artesia, NM 88210

Re: Non-Reportable Discharge on Dublin 23 Federal No. 1 Location
API No.: 30-015-34879 / Federal Lease No.: LC-069157
U/L O Sec 23 T22S R28E 660' FSL 1980' FEL

Dear Mr. Bratcher:

Marshall & Winston, Inc. (Marshall & Winston) herewith notifies the State of New Mexico, Oil Conservation Division (NMOCD) that it received a Notice of Written Order (NWO) No. 11-JA-037W from the Bureau of Land Management (BLM) on a non-reportable spill (5 bbls or less) caused by a leaking valve on the southern most load line of said battery as cited above. Marshall & Winston shall proceed with cleanup as is warranted by a non-reportable spill which does not require regulatory intervention as long as the minor discharge is cleaned up by the operator

Although the exact time when the discharge began is unknown, as is extremely typical of most discharges of this nature, we were able to ascertain from the pumper's schedule that this valve was likely discovered by the BLM within a few hours of the onset of discharge. Further, the groundwater table at this location is greater than 400 feet based on Marshall & Winston's drilling logs. Both the referenced valve and the catch pot which was cited by the BLM as not being effective have been replaced. Marshall & Winston is currently reviewing the alleged off pad discharge also cited by the BLM. Once we have ascertained the correct situation, Marshall & Winston shall provide a written report to the NMOCD and the BLM. Should further investigation be needed, the NMOCD will be contacted and a plan agreed upon for cleanup.

Although the BLM has requested Marshall and Winston to downsize the Dublin 23 Federal No. 1 pad pursuant to the APD requirements, we believe it would become a severe safety hazard predicated on the following facts: (1) This is the central battery for the entire lease field which is also large containing equipment with mandatory distance requirements between various structures; (2) The pad hosts a significant sour gas treatment facility; (3) At times, large trucks and pickups come and go from the pad depending on the issue creating high traffic volumes requiring the space; and (4) Should emergency equipment be needed in the area due to the terrain, this is the single largest setup site available to the central battery and the upper part of the lease.

We thank you for your kind consideration of our situation and desire to run a safe and compliant operation. Marshall and Winston have always accommodated preferences and regulatory concerns whenever possible. In this case downsizing is deleterious to the safety of our operations

given the above citations. Please know should the condition arise wherein it is prudent to do otherwise, we will be happy to consider changes.

Should you have questions, please call 432-684-6373 (office).

Sincerely,

A handwritten signature in black ink, appearing to read "Tom M. Brandt". The signature is fluid and cursive, with a large, stylized "T" and "B".

Tom M. Brandt
President

Operator RECEIVED DEC 01 2010

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UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

NOTICE OF WRITTEN ORDER

IDENTIFICATION	
IID	
Lease	NMLC069157
CA	
Unit	
PA	

Bureau of Land Management Office CARLSBAD FIELD OFFICE				Operator MARSHALL & WINSTON INC			
Address 620 E GREENE STREET CARLSBAD NM 88220				Address P O BOX 50880 MIDLAND TX 79710-0880			
Telephone 575-234-5909				Attention			
Inspector AMOS				Attn Addr			
Site Name DUBLIN FEDERAL 23	Well or Facility 1	1/4 1/4 Section SWSE 23	Township 22S	Range 28E	Meridian NMP	County EDDY	State NM
Site Name	Well or Facility	1/4 1/4 Section	Township	Range	Meridian	County	State
Site Name	Well or Facility	1/4 1/4 Section	Township	Range	Meridian	County	State

The following condition(s) were found by Bureau of Land Management Inspectors on the date and at the site(s) listed above.

Date	Time (24-hour clock)	Corrective Action to be Completed by	Date Corrected	Authority Reference
11/28/2010	08:45	02/01/2011		43 CFR 3162.1.a, 3162.5-1, APD COA

Remarks:

Valve leaking on the southern most loadline. Repair/Replace. Catchpot is not effective in its current condition, sagging and allowing fluids to run on the ground. Reposition and secure. Spill and/or dumping of produced fluids from the same area, running south off the pad and down the slope. Remove all contaminants to NMOCD standards. Contact Jim Amos @ 575-234-5909 prior to closure and bottom sampling. The location has not been downsized as per APD COAs. Reduce the well pad to what is needed for daily operations. All surfaces disturbed will be reseeded with BLM #3 seed mix.

When the Written Order is complied with, sign this notice and return to above address.

Company Representative Title _____ Signature _____ Date _____

Company Comments _____

Warning

The Authorized Officer has authority to issue a Written Order in accordance with 43 CFR 3161.2. Written Order correction and reporting time frames begin upon receipt of this Notice or 7 business days after the date it is mailed, whichever is earlier. Each stipulation must be corrected within the prescribed time from receipt of this Notice and reported to the Bureau of Land Management Office at the address shown above. If you do not comply as noted above under "Corrective Action to be Completed By", you shall be issued an Incident of Noncompliance (INC) in accordance with 43 CFR 3163.1(a). Failure to comply with the INC may result in assessments as outlined in 43 CFR 3163.1 and may also incur civil penalties (43 CFR 3163.2). All self-certified corrections must be postmarked no later than the next business day after the prescribed time frame for correction.

Section 109(d)(1) of the Federal Oil and Gas Royalty Management Act of 1982, as implemented by the applicable provisions of the operating regulations at Title 43 CFR 3163.2(f)(1), provides that any person who "knowingly or willfully" prepares, maintains, or submits false, inaccurate, or misleading reports, notices, affidavits, records, data, or other written information required by this part shall be liable for a civil penalty of up to \$25,000 per violation for each day such violation continues, not to exceed a maximum of 20 days.

Review and Appeal Rights

A person contesting a decision shall request a State Director review of the Written Order. This request must be filed within 20 working days of receipt of the Notice with the appropriate State Director (see 43 CFR 3165.3). The State Director review decision may be appealed to the Interior Board of Land Appeals, 801 North Quincy Street, Suite 300, Arlington, VA 22203 (see 43 CFR 3165.4). Contact the above listed Bureau of Land Management office for further information.

Signature of Bureau of Land Management Authorized Officer _____ Date 11-28-10 Time 08:45

FOR OFFICE USE ONLY

Number 3 Date _____ Type of Inspection ES

Operator

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Number 11-JA-038W

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UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

NOTICE OF WRITTEN ORDER

IDENTIFICATION	
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Lease	NMLC069157
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Unit	
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Bureau of Land Management Office CARLSBAD FIELD OFFICE	Operator MARSHALL & WINSTON INC
Address 620 E GREENE STREET CARLSBAD NM 88220	Address P O BOX 50880 MIDLAND TX 79710-0880
Telephone 575-234-5909	Attention
Inspector AMOS	Attn Addr

Site Name DUBLIN FEDERAL 23	Well or Facility 3	1/4 1/4 Section SWNE 23	Township 22S	Range 28E	Meridian NMP	County EDDY	State NM
Site Name	Well or Facility	1/4 1/4 Section	Township	Range	Meridian	County	State
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Date	Time (24-hour clock)	Corrective Action to be Completed by	Date Corrected	Authority Reference
11/28/2010	09:15	02/01/2011		43 CFR 3162.1 a, 3162.5-1

Remarks:

Previous remediation efforts involved the removal of contaminants. The dumping path followed a natural drainage. However, the removal of the contaminated material has left a wider path than the original drainage. The location is directing most of the run-on/off to this area. In order to help facilitate the revegetation and stabilization of the area install a berm along the SW and the NW edge of the location that will redirect the run-on/off to the north corner of the pad or at the least allow the water to slowly percolate into the outer edge of the rocky location and slowly release into the drainage. Install several erosion (50' intervals, can be pourous to allow for slow pass through) controls across the drainage to slow the run-off. Note: sandbags filled with sandysoils and BLM #3 seedmix would suffice as well.

When the Written Order is complied with, sign this notice and return to above address.

Company Representative Title	Signature	Date
Company Comments		

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Signature of Bureau of Land Management Authorized Officer <i>James R. Orms</i>	Date 11-28-10	Time 09:15
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FOR OFFICE USE ONLY

Number 3	Date	Type of Inspection ES
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