



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

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Governor

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Cabinet Secretary

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Director

Oil Conservation Division

Field Inspection Program

"Preserving the Integrity of Our Environment"

12-Apr-05

COG OPERATING LLC

550 W TEXAS SUITE 1300

MIDLAND TX 79701

NOTICE 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

KEYSTONE No.001				G-32-20S-28E	30-015-22218-00-00	
Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
04/12/2005	Routine/Periodic	Mike Bratcher	Yes	No	5/12/2005	iMLB0510239692
Violations						
Surface Leaks/Spills						
Comments on Inspection: Tank battery area has had a release of produced fluids. Release volume appears to be more than 5 bbls with reporting required per Rule 116. A Form C-141 Release Notification and a Remediation workplan is required. Well site is in violation of Rule 116 and Rule 13. Heater treater area is also heavily contaminated and will require remediation.						

KEYSTONE No.002				J-32-20S-28E	30-015-28025-00-00	
Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
04/12/2005	Routine/Periodic	Mike Bratcher	Yes	No	5/12/2005	iMLB0510242142
Violations						
Absent Well Identification Signs (Rule 103)						
Comments on Inspection: Well sign does not list operator. Violation Rule 103.						

KEYSTONE No.004

F-32-20S-28E

30-015-28183-00-00

Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
04/12/2005	Routine/Periodic	Mike Bratcher	Yes	No	5/12/2005	iMLB0510240574
Violations						
Surface Leaks/Spills						

Comments on Inspection: Tank battery area for this well has had a produced fluids release. Fluids are standing in diked area. Valve at base of fiberglass tank (on South side of tank) has a steady leak and may be the source for fluids standing in dike. The build up of salts residue around area indicates leak has been ongoing for some time. This well is in violation of Rule 116 and Rule 13. Repair of leak is required immediately. A Form C-141 Notification of Release and a remediation action workplan is required.

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.