



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

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Director

Oil Conservation Division

*Oil Inspection Program
"Preserving the Quality of Our Environment"*

11-Jul-05

MARBOB ENERGY CORP

PO BOX 227

ARTESIA NM 88211

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

PAN AM STATE No.001

I-28-17S-28E

30-015-10102-00-00

Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
07/11/2005	Routine/Periodic	Chris Beadle	Yes	No	8/11/2005	iCLB0519242545

Violations

Tank Battery Equipment (Rules 114, 115)

Surface Leaks/Spills

Comments on Inspection:

Equipment and Location needs minor attention. It appears that the Tank Battery has overflowed on separate occasions (fresh staining over top of slightly weathered staining), oil staining on north side of tank, some liquids have reached the ground. Remediation plan not required, attention should be focused on the minor run off from the tank and contaminated gravel at base of tank.

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.