

NEW MEXICO ENERGY, MINERALS NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

First Winnerstein Franzischer "Program On the things of a faller Landsburgern"

15-Sep-05

MYCO INDUSTRIES INC

PO BOX 840

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

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D-36-17S-29E

30-015-25424-00-00

Inspection Date

Type Inspection

Inspector

VioLation? Yes

*Significant

Corrective

Inspection No.

Routine/Periodic

Non-Compliance?

Action Due By:

09/15/2005

Chris Beadle

No

10/17/2005

iCLB0525837841

Violations

Surface Damage/Restoration

Comments on Inspection:

Tank battery, east of well, has produced water tank plumbed to overflow into pasture without any visible means on control. Gun barrel has piping that appears to be used to blow down tank bottoms

onto location.

There is significant contamination on south side of tank battery, impacting pasture over area approximately 60 feet by 40 feet. Natural water collection depression in this area has cattle tracks

through the impacted area.

Contact NMOCD District 2 Environmental Compliance Officer with site ranking and remediation

work plan.

Notify NMOCD District 2 Office 48 hours prior to any remediation work or taking samples where results that may be submitted to OCD.

Oil Conservation Division * 1301 W. Grand * Artesia, New Mexico 88210 Phone: 505-748-1283 * Fax: 505-748-9720 * http://www.emnrd.state.nm.us 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 Divison 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.