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energy corporation

March 13, 2006

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MAR 14 2006

OCD-ARTESIA

Oil Conservation Division
1301 W. Grand
Artesia, NM 88210

Attn: Chris Beadle

Re: Letter of Violation
EL Federal #5
I-21-17S-30E 30-015-30259

Chris:

In response to your letter of violation dated 3/1/06 (copy attached), on the above referenced well, the leak was fixed on 3/6/06, and the well is now in compliance and ready for re-inspection.

If you have any questions or require further information, please don't hesitate to contact me.

Thank you for your help in this matter.

Sincerely,

Diana J. Briggs
Production Analyst



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

MAR 06 2006 Oil Conservation Division

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ODD-ARTESIA

01-Mar-06

MARBOB ENERGY CORP

PO BOX 227

ARTESIA NM 88211

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

E L FEDERAL No.005

I-21-17S-30E

30-015-30259-00-00

Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
03/01/2006	Routine/Periodic	Chris Beadle	Yes	No	6/4/2006	iCLB0606033190
Violations						
Surface Leaks/Spills						

Comments on Inspection: Flow line manifold at southwest corner of the tank battery on this location has an active leak from a corrosion hole on the north face of the manifold. Fluids are pooled in this corner of the battery. All fluids are contained inside the bermed area. Release is less than 5 barrels of produced fluids.

Remediation of the release impacted area is required. Notify NMOCD District 2 Office when remediation is complete.

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.