



# NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

**BILL RICHARDSON**

Governor  
**Joanna Prukop**

Cabinet Secretary

**Mark E. Fesmire, P.E.**

Director  
**Oil Conservation Division**

June 27, 2006

WALTER EXPLORATION, INC.  
6116 N Central Exp # 313  
Dallas, Texas 75206

Re: J G O'Brien # 1, E-31-7-29, API # 30-005-60675

**LETTER OF VIOLATION**  
**SITE INSPECTION FAILURE (2-06-12)**

Dear Operator:

The State of New Mexico Oil Conservation Division ("OCD") inspectors conducting site inspections on June 16, 2006 found the following violation(s) of OCD rules:

An inspection performed at the above referenced site has revealed multiple violations of OCD Rules 116.A and 116.B [19.15.3.116.A, B] (failure to give verbal and/or written notification of an unauthorized release). Unauthorized releases occurred around the tank battery, load station, and wellhead. These releases are estimated to be of such quantity as to make them fall under the jurisdiction of OCD Rule 116. No later than July 20, 2006, you must submit a fully completed Form C-141 for all known releases that have occurred at this well site.

Please notify the OCD Artesia District Office in writing by the "Corrective Action Due" date, i.e., July 12, 2006, regarding your plans to bring the identified site(s) into compliance. See OCD Rule 116.D (the responsible person must complete OCD approved corrective action). Include the date you intend to take corrective action so the OCD can witness the activity and/or arrange to re-inspect the site.

If the OCD does not receive an adequate written response to this letter by the Corrective Action Due date identified above, or if you do not correct the violations in a timely manner, the OCD will take enforcement action. Enforcement action may include, but is not limited to, applying for an order assessing civil penalties and/or requiring you to plug and abandon the affected well(s).

**WALTER EXPLORATION, INC.**

**June 27, 2006**

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**Thank you for your prompt attention to this matter and your efforts in helping to protect our environment and the infrastructure of the oil and gas industry.**

**Sincerely,**

A handwritten signature in cursive script, appearing to read "Phil Hawkins".

**Phil Hawkins, OCD Inspector  
Artesia OCD District Office**

**cc: Tim Gum, District II Supervisor  
Daniel Sanchez, OCD Compliance Director  
Cheryl O'Connor, OCD Assistant General Counsel**