

NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor
Joanna
Cabinet Secretary

Mark E. Fesmire,
Director
Oil Conservation

Field Inspection Report
"Preserving the Integrity of Our Environment"

03-May-07

CHI OPERATING INC
P. O. BOX 1799
MIDLAND TX 79702

RE: LETTER OF VIOLATION - Inspection

Dear Operator:

This letter is in regards to LOV NO. 020207. A re-inspection of the site verified that the leakage had been cleaned up. But I do have a concern that there is a valve between the wellhead and the separator where one of the earlier releases occurred. With that valve still in place, another release can easily occur.

INSPECTION DETAIL SECTION

COYOTE SPECIAL 9 STATE COM No.001

A-9-17S-28E

30-015-30859-00-00

Inspection Date	Type Inspection	Inspector	Inspection No.
04/23/2007	Routine/Periodic	Richard Inge	iREI0711338012

Contamination cleaned up from separator. Release from valve from gas well to separator looks cleaned up except for small pile of green material. Scraped ground with shovel, looked like dirt underneath former spill area. Manual valve still in place between gas well and separator.

As of this date, this compliance issue has been resolved.

Thank you,

Richard Inge

Richard Inge
Field Inspector
NMOCD – Artesia District Office