

NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

Field Inspection Pengram
"Preserving the Integraly of Our Fusiconnum"

30-015 24800

21-Nov-07

7001 1940 0001 9971 5543

CBS OPERATING CORP

PO BOX 2236

MIDLAND TX 79702

LOV NO. 02-07-223

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	V DETAIL	L SECTION		
NORTH SO Inspection Date	UARE LAKE Type Inspectio	UNIT No.024	Inspector	Violation?	B-29-16S-31E *Significant Non-Compliance?	30-015-04912-00-0 Corrective Action Due By:	O Inspection No.
11/05/2007	Routine/Perio	odic	Kimberly Wilson	Yes	No	12/21/2007 i	KMW0730940912
Comments	on Inspection:	Stuffing box lead C-141.	king, oil pooled arou	nd well hea	d. Violation of rule 13	3 and rule 116. Need to	file a
NORTH SQ	UARE LAKE	UNIT No.144		K-31-16S-31E	30-015-04941-00-0	0	
Inspection Date	Type Inspection	1	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
11/06/2007	Routine/Perio	dic	Kimberly Wilson	Yes	No	12/21/2007 il	KMW0731031384
Comments	on Inspection:	Release from stu Need to file C-14		d up around	well head. Violation	of Rule 13 and Rule 1	16.
NORTH SQ Inspection Date	UARE LAKE Type Inspection		Inspector	Violation?	E-31-16S-31E *Significant Non-Compliance?	30-015-04943-00-00 Corrective Action Due By:	Inspection No.
11/05/2007	Routine/Perio	dic	Kimberly Wilson	Yes	No	12/21/2007 iI	KMW0730948641
Comments of	on Inspection:	Release from stuft to file a C-141.	ffing box, oil pooled	around well	head. Violation of R	tule 13 and Rule 116. N	Need

NORTH SQUARE LAKE UNIT No.160 N-31-16S-31E 30-015-04953-00-00 Inspection *Significant Corrective Inspection No. Type Inspection Inspector Violation? Date Non-Compliance? Action Due By: Kimberly Wilson iKMW0731031762 11/06/2007 Routine/Periodic Yes No 12/21/2007 Comments on Inspection: Release from stuffing box, oil pooled up around well head. Violation of Rule 13and Rule 116. Need to file a C-141. NORTH SQUARE LAKE UNIT No.149 30-015-04969-00-00 L-33-16S-31E *Significant Corrective Inspection Type Inspection Inspector Violation? Inspection No. Non-Compliance? Action Due By: Date iKMW0731038821 11/06/2007 Routine/Periodic Kimberly Wilson Yes No 12/21/2007 Comments on Inspection: Release from stuffing box, oil pooled up around well head. Violation of Rule 13 and Rule 116. Need to file C-141. B-33-16S-31E 30-015-04984-00-00 NORTH SQUARE LAKE UNIT No.135 *Significant Inspection Corrective Type Inspection Inspector Violation? Inspection No. Date Non-Compliance? Action Due By: Kimberly Wilson iKMW0731036067 11/06/2007 Routine/Periodic Yes 12/21/2007 Comments on Inspection: Release from stuffing box, oil pooled up around well head. Violation of Rule 13 and Rule 116. Need to file C-141. 30-015-05018-00-00 **HUSTATE No.002** L-36-16S-31E *Significant Inspection Corrective Type Inspection Inspector Violation? Inspection No. Date Non-Compliance? Action Due By: Kimberly Wilson 11/09/2007 Routine/Periodic Yes No 12/21/2007 iKMW0731332744 Comments on Inspection: Stuffing box leak, oil pooled up around well head. Violation of Rule 13 and Rule 116. Need to file a C-141. **HUSTATE No.001** N-36-16S-31E 30-015-05021-00-00 Inspection *Significant Corrective Inspection No. Type Inspection Inspector Violation? Date Non-Compliance? Action Due By: 11/09/2007 Routine/Periodic Kimberly Wilson Yes iKMW0731333061 No 12/21/2007 **Comments on Inspection:** Stuffing box leak, oil pooled up at well head. Violation of Rule 13 and 116. Need to file a C-141. NORTH SQUARE LAKE UNIT No.114 C-34-16S-31E 30-015-10271-00-00 Inspection *Significant Corrective Type Inspection Inspector Violation? Inspection No. Date Non-Compliance? **Action Due By:** 11/05/2007 Kimberly Wilson iKMW0730946317 Routine/Periodic Yes No 12/21/2007 Comments on Inspection: Release from stuffing box, oil pooled up around well head. Violation of Rule 13 and Rule 116. NORTH SQUARE LAKE UNIT No.170 P-33-16S-31E 30-015-10345-00-00 *Significant Inspection Corrective Type Inspection Inspector Violation? Inspection No. Date Non-Compliance? Action Due By: Routine/Periodic Kimberly Wilson iKMW0731036436 11/06/2007 Yes No 12/21/2007 **Comments on Inspection:** Release from stuffing box, oil pooled up around well head. Violation of Rule 13 and Rule 116. Need to file C-141. LOCO HILLS A FEDERAL No.006 D-15-17S-30E 30-015-20611-00-00 *Significant Inspection Corrective Type Inspection Inspector Violation? Inspection No. Date Non-Compliance? Action Due By: 11/20/2007 Routine/Periodic Kimberly Wilson Yes iKMW0732441792 No 12/21/2007 Workover Pit Open, liner breached. Violation Rule 50. Operator must submit C-144. Photos Comments on Inspection: LOCO HILLS B FEDERAL No.006 O-9-17S-30E 30-015-20673-00-00 Inspection *Significant Corrective Type Inspection Inspector Violation? Inspection No. Date Non-Compliance? **Action Due By:** Routine/Periodic iKMW0732435485 11/20/2007 Kimberly Wilson Yes No 12/21/2007 Comments on Inspection: Stuffing box leak, oil and produced water pooled around well head, Violation of Rule 13 and Rule 116. Need to file a C-141.

NORTH SO Inspection Date	UARE LAKE Type Inspection Routine/Perio	1	Inspector Kimberly Wilson	Violation? Yes	J-34-16S-31E *Significant Non-Compliance?	30-015-21771-00-00 Corrective Action Due By: 12/21/2007 iF	Inspection No.
	on Inspection:		ffing box. oil pooled		- 1 -	of Rule 13 and Rule 11	
NORTH SQ Inspection Date	UARE LAKE Type Inspection		Inspector	Violation?	O-31-16S-31E *Significant Non-Compliance?	30-015-24457-00-00 Corrective Action Due By:	Inspection No.
11/06/2007	Routine/Perio	dic	Kimberly Wilson	Yes	No	12/21/2007 iF	KMW07310327 7 2
Comments	on Inspection:	Release from stu Need to file C-14		l up around	well head. Violation	of Rule 13 and Rule 11	6.
BURNHAM Inspection Date	I GRAYBURG Type Inspection		S UNIT No.004 Inspector	Violation?	J-2-17S-30E *Significant — Non-Compliance?	30-015-24800-00-00 Corrective Action Due By:	Inspection No.
11/20/2007 Comments	Routine/Perion Inspection:	Release at stuffin	Kimberly Wilson g box, contamination up started never finis			12/21/2007 ike ated dirt left of well hear	CMW0732446157 d.
Inspection Date	Type Inspection	UNIT No.158	Inspector	Violation?	W-31-16S-31E *Significant Non-Compliance?	30-015-24920-00-00 Corrective Action Due By:	Inspection No.
11/06/2007 Comments of				Yes up around	No well head. Violation	12/21/2007 iK of Rule 13 and Rule 116	MW0731032021 5.
NORTH SQ Inspection Date	UARE LAKE Type Inspection	UNIT No.106	Inspector	Violation?	B-32-16S-31E *Significant Non-Compliance?	30-015-25029-00-00 Corrective Action Due By:	Inspection No.
	Routine/Period		Kimberly Wilson	Yes			

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.

and Rule116. Need to file a C-141.

Leak at stuffing box, oil pooled up on location and running down side bank. Violation of Rule 13

Sincerely,

Artesia OCD District Office

Comments on Inspection:

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.