



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

21-Nov-07

7001 1940 0001 9971 5529

AGHORN OPERATING INC

PO BOX 12663

ODESSA TX 79768-2663

LOV NO. 02-07-221

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 D WHITE FEDERAL NCT-1 No.001

P-26-26S-31E

30-015-05884-00-00

Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
11/15/2007	Routine/Periodic	Richard Inge	Yes	No	2/18/2008	iREI0731938776

Comments on Inspection: Rule 116 violation -Well head has fresh oil around it from stuffing box and around the polishing rod. Historical and new contamination around well head.

Rule 50 violation - Site has an un-lined, un-registered pit north of pumpjack. There is trash in the pit and a trench dug from the wellhead to the pit. PJ operating.

Please submit a C-141 cleanup work plan for the site contamination and a C-144 pit closure form for the pit by the compliance due date.

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,

Handwritten signature of Richard Inge in black ink.

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