

NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

Response Required - Deadline Enclosed

7001 1940 0001 9971 6212

WALSH & WATTS INC 1111 SEVENTH ST WICHITA FALLS TX 76301 LOV NO. 02-08-036

LETTER OF VIOLATION - Inspection

Dear Operator:

05-Mar-08

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 all eliminary findings and/or probable nature of the violation. This determination is based on an inspection.

Or tacility by an inspector employed by the Oil Conservation Division on the date(s) indicated.

Please nonfy 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

. PREMIER UNIT No.007 **NORTH SQUA**² O-5-16S-31E 30-015-04801-00-00 Inspection *Significant Corrective Type Inspection Inspector Violation? Inspection No. Date Action Due By: Non-Compliance? 03/05/2008 Pre-Operation (MIT Schedul Richard Inge iREI0806535351 Yes No 3/19/2008 Violation of NMOCD Rule 19.15.9.704.A (5), which states in part "... The injection well operator Comments on Inspection: shall advise the division of the date and time any initial, five-year or special tests are to be commenced in order that such tests may be witnessed."

Failure to contact the OCD by Corrective Action due date to schedule the required inspection on this well will require that this well be shut-in on the Corrective Action due date.

NORTH SQUARE LAKE PREMIER UNIT No.009 J-5-16S-31E 30-015-04803-00-00 Inspection *Significant Corrective Type Inspection Inspector Violation? Inspection No. Date Non-Compliance? Action Due By: 03/05/2008 Pre-Operation (MIT Schedul Richard Inge iREI0806535399 Yes No 3/19/2008 Violation of NMOCD Rule 19.15.9.704.A (5), which states in part "... The injection well operator Comments on Inspection: shall advise the division of the date and time any initial, five-year or special tests are to be commenced in order that such tests may be witnessed." Failure to contact the OCD by Corrective Action due date to schedule the required inspection on this well will require that this well be shut-in on the Corrective Action due date.

Oil Conservation Division * 1301 W. Grand * Artesia, New Mexico 88210 Phone: 505-748-1283 * Fax: 505-748-9720 * http://www.emnrd.state.nm.us

NORTH SQUARE LAKE PREMIER UNIT No.004 M-5-16S-31E 30-015-04808-00-00 Inspection *Significant Corrective Type Inspection Violation? Inspection No. Inspector Date Non-Compliance? Action Due By: 03/05/2008 Pre-Operation (MIT Schedul Richard Inge Yes rREI0806535251 3/19/2008 No Comments on Inspection: Violation of NMOCD Rule 19.15.9.704.A (5), which states in part "... The injection well operator shall advise the division of the date and time any initial, five-year or special tests are to be commenced in order that such tests may be witnessed." Failure to contact the OCD by Corrective Action due date to schedule the required inspection on this well will require that this well be shut-in on the Corrective Action due date. NORTH SQUARE LAKE PREMIER UNIT No.005 N-5-16S-31E 30-015-04809-00-00 Inspection *Significant Corrective **Type Inspection** Inspector Violation? Non-Compliance? Inspection No. Date Action Due By: 03/05/2008 Pre-Operation (MIT Schedul Richard Inge Yes No 3/19/2008 iREI0806535306 Violation of NMOCD Rule 19.15.9.704.A (5), which states in part "... The injection well operator Comments on Inspection: shall advise the division of the date and time any initial, five-year or special tests are to be commenced in order that such tests may be witnessed." Failure to contact the OCD by Corrective Action due date to schedule the required inspection on this well will require that this well be shut-in on the Corrective Action due date. NORTH SQUARE LAKE PREMIER UNIT No.003 P-6-16S-31E 30-015-04811-00-00 Inspection *Significant Corrective Type Inspection Inspector Violation? Inspection No. Date Non-Compliance? Action Due By: 03/05/2008 Pre-Operation (MIT Schedul Richard Inge Yes 3/19/2008 iREI0806535131 No Violation of NMOCD Rule 19.15.9.704.A (5), which states in part "... The injection well operator Comments on Inspection: shall advise the division of the date and time any initial, five-year or special tests are to be commenced in order that such tests may be witnessed." Failure to contact the OCD by Corrective Action due date to schedule the required inspection on this well will require that this well be shut-in on the Corrective Action due date. NORTH SOUARE LAKE PREMIER UNIT No.011 I-6-16S-31E 30-015-04812-00-00 Inspection *Significant Corrective Type Inspection Inspector Violation? Inspection No. Date Non-Compliance? Action Due By: Pre-Operation (MIT Schedul Richard Inge Yes No 3/19/2008 iREI0806535433 Violation of NMOCD Rule 19.15.9.704.A (5), which states in part "... The injection well operator Comments on Inspection: shall advise the division of the date and time any initial, five-year or special tests are to be

Pre-Operation (MIT Schedul Richard Inge

03/05/2008

commenced in order that such tests may be witnessed."

Failure to contact the OCD by Corrective Action due date to schedule the required inspection on this well will require that this well be shut-in on the Corrective Action due date.

NORTH SOUARE LAKE PREMIER UNIT No.014 O-6-16S-31E 30-015-10850-00-00 Inspection *Significant Corrective Type Inspection Violation? Inspector Inspection No. Date Non-Compliance? Action Due By:

Comments on Inspection:

03/05/2008

Violation of NMOCD Rule 19.15.9.704.A (5), which states in part "... The injection well operator shall advise the division of the date and time any initial, five-year or special tests are to be

No

3/19/2008

iREI0806535475

Yes

commenced in order that such tests may be witnessed."

Failure to contact the OCD by Corrective Action due date to schedule the required inspection on this well will require that this well be shut-in on the Corrective Action due date.

Oil Conservation Division * 1301 W. Grand * Artesía, New Mexico 88210

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.

Sincerely,

Artesia OCD District Office

RICHARD INSE

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