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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

Field Inspection Program
"Preserving the Integrity of Our Favironment"

01-Dec-08

COG OPERATING LLC 550 W TEXAS SUITE 1300 MIDLAND TX 79701 LOV NO. 2-08-172

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

RED LAKE SAND UNIT No.045
Inspection

P-20-17S-28E 3

No

30-015-33198-00-00

Inspection Date

Type Inspection

Inspector

*Significant Violation? Non-Compliance?

Corrective
Action Due By:

Inspection No.

11/21/2008 Routine/Periodic

Kimberly Wilson

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12/8/2008 iKMW0832638081

Comments on Inspection:

Leak at valve, oil & water spraying out pooling on ground flowing west off location then south in field, violation of Rule 13 & 116. Pictures taken. Remediation will be required per OCD rules & guidelines, please submit a C-141, by corrective action due date. At 10:30 am I contacted Mike Bratcher to see if he could get a hold of someone at COG regarding this matter. Mr. Bratcher contacted Gary Gesling (the pumper for COG) at 10:42a to inform him of this leak. (575-631-7023)

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

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.