New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson

Governor

Jon Goldstein
Cabinet Secretary

Jim Noel -- Deputy Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



Response Required - Deadline Enclosed

Field Inspection Program
"Preserving the Integrity of Our Environment"

07-Apr-10

MARBOB ENERGY CORP PO BOX 227 ARTESIA NM 88211 LOVING 02-09-146

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

BURCH KEELY UNIT No.078

J-23-17S-29E

30-015-23852-00-00 Corrective

Inspection Date 04/07/2010

Type Inspection
Routine/Periodic

Inspector

Kimberly Wilson

Violation? Yes *Significant Non-Compliance?

Action Due By: 5/5/2010

Inspection No. iKMW100975232

Comments on Inspection:

Idle Well, 15 months, violation of NMAC 19.15.25.8 Operator must return well to beneficial use, TA or submit P/A procedure to OCD District II office no later than May 5, 2010, for

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.

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

1 m. Wilson