

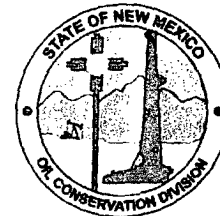
New Mexico Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

John H. Bemis
Cabinet Secretary-Designate

Brett F. Woods, Ph.D.
Acting Cabinet Secretary

Jami Bailey
Division Director
Oil Conservation Division



Response Required – Deadline Enclosed

Field Inspection Program
"Preserving the Integrity of Our Environment"

12-May-11

DAVID G HAMMOND
2508 RUNYON
ARTESIA NM 88210

30-015-02319

Mailed: 5/17/2011 DJS

LOVNO. 02-09-200

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

SPURCK F STATE No.002

M-16-17S-28E

30-015-31831-00-00

Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
05/02/2011	File and Compliance Review	Richard Inge	Yes	No	6/3/2011	

IREI1112259508

Comments on Inspection: Inspection on 5/02/2011 - No production reported. Last inspection shows pj was operating. PJ is currently operating. No well sign.

Violation of several OCD rules and regulations as outlined in a Shut-in order issued on August 26, 2004. A second letter of violation was issued on April 14, 2006. The OCD ordered this well to be immediately Shut-in and several issued addressed with this well. I have not found any response from the operator to address these issues.

Copies of the Shut-in Order and the Second Letter of Violation are attached. The Operator must shut-in the well immediately and bring this well into compliance. The operator may be required to go to hearing.

Oil Conservation Division
1301 W. Grand Avenue • Artesia, New Mexico 88210
Phone (575) 748-1283 • Fax (575) 748-9720 • www.emnrd.state.nm.us/OCD



SPURCK F STATE No.001

M-16-17S-28E

30-015-01391-00-00

Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
05/02/2011	File and Compliance Review	Richard Inge	Yes	No	8/5/2011	iREI1112259353

Comments on Inspection: Violation of OCD rule 19.15.7.24 OPERATOR'S MONTHLY REPORT (Form C-115): Failure to report production from this well.
Inspection on 3/31/2011 - Pumpjack operating.

Last reported production 5/1/2009.

CAROLINE No.001

C-28-19S-28E

30-015-02305-00-00

Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
05/02/2011	File and Compliance Review	Richard Inge	Yes	No	6/3/2011	iREI1112251524

Comments on Inspection: Violation of OCD rule 19.15.7.24 OPERATOR'S MONTHLY REPORT (Form C-115): Failure to report production from this well.

Inspection on 3/31/2011 - Pumpjack is operating, but no production reported on this well since

CAROLINE No.003

D-28-19S-28E

30-015-02306-00-00

Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
05/02/2011	File and Compliance Review	Richard Inge	Yes	No	8/5/2011	iREI1112251910

Comments on Inspection: Violation of OCD rule 19.15.25.8 WELLS TO BE PROPERLY ABANDONED. No pumping Unit. Just rod sticking out of wellhead. Motor lying on ground. No well sign. Trailer on location. Tank, heater, steel walkway, etc scattered at beginning of road leading into location.

The well must either be returned to beneficial use, properly plugged and abandoned or placed into approved temporary abandonment by Completion Action Due By date.

Last reported production 5/1/2009.

CAROLINE No.004

E-28-19S-28E

30-015-02307-00-00

Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
05/02/2011	Routine/Periodic	Richard Inge	Yes	No	8/5/2011	iREI1112254082

Comments on Inspection: Violation of OCD rule 19.15.25.8 WELLS TO BE PROPERLY ABANDONED. No motor on Pumping Unit. Tubing is plumbed directly to flow line with a check valve. A release of oil and produced water from the tank and water tank surround the tanks, go across location and part way down a washout.

The well must either be returned to beneficial use, properly plugged and abandoned or placed into approved temporary abandonment by Completion Action Due By date.

Last reported production 6/1/2008.

CAROLINE No.005

D-28-19S-28E

30-015-02308-00-00

Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
05/02/2011	File and Compliance Review	Richard Inge	Yes	No	8/5/2011	iREI1112254207

Comments on Inspection: Violation of OCD rule 19.15.25.8 WELLS TO BE PROPERLY ABANDONED. No motor on pumping unit. No well sign. Tubing connected to one flow line (valve shut). The surface valve is connected to another flowline (poly line) no visible valve.

The well must either be returned to beneficial use, properly plugged and abandoned or placed into approved temporary abandonment by Completion Action Due By date.

Last reported production 5/1/2009.

CAROLINE No.006

Inspection				C-28-19S-28E	30-015-02309-00-00	
Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
05/02/2011	Routine/Periodic	Richard Inge	Yes	No	6/3/2011	
iREI1112254730						

Comments on Inspection: Violation of OCD rule 19.15.7.24 OPERATOR'S MONTHLY REPORT (Form C-115): Failure to report production from this well.
Inspection on 3/31/2011 - Pumpjack is operating. Stuffing box leaking. No well sign.

Last reported production 5/1/2009.

HELEN No.001

Inspection				A-29-19S-28E	30-015-02314-00-00	
Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
05/02/2011	Routine/Periodic	Richard Inge	Yes	No	6/3/2011	
iREI1112257237						

Comments on Inspection: Violation of OCD rule 19.15.7.24 OPERATOR'S MONTHLY REPORT (Form C-115): Failure to report production from this well.
Inspection on 3/31/2011 - Well is pumping. 2 tanks on location. No well sign.

Last reported production 5/1/2009.

MARY LOU No.001

Inspection				H-29-19S-28E	30-015-02315-00-00	
Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
05/02/2011	Routine/Periodic	Richard Inge	Yes	No	8/5/2011	
iREI1112257705						

Comments on Inspection: Violation of OCD rule 19.15.25.8 WELLS TO BE PROPERLY ABANDONED.
Inspection on 3/31/2011 - No well sign. Well not pumping.

The well must either be returned to beneficial use, properly plugged and abandoned or placed into approved temporary abandonment by Completion Action Due By date.

Last reported production 5/1/2009.

MARY LOU No.002

Inspection				G-29-19S-28E	30-015-02316-00-00	
Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
05/02/2011	Routine/Periodic	Richard Inge	Yes	No	8/5/2011	
iREI1112257927						

Comments on Inspection: Violation of OCD rule 19.15.25.8 WELLS TO BE PROPERLY ABANDONED.
Inspection on 3/31/2011 - No motor on Pumping Unit. No tubing in hole. Not connected to flow line. No well sign. Tank just east of location has oil seeping out of thief hatch.

The well must either be returned to beneficial use, properly plugged and abandoned or placed into approved temporary abandonment by Completion Action Due By date.

Last reported production 5/1/2009.

MARY LOU No.004

Inspection				H-29-19S-28E	30-015-02318-00-00	
Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
05/02/2011	Routine/Periodic	Richard Inge	Yes	No	8/5/2011	
iREI1112258179						

Comments on Inspection: Violation of OCD rule 19.15.25.8 WELLS TO BE PROPERLY ABANDONED.
Inspection on 3/31/2011 - No motor on pump jack, no well sign. There have been past releases covering the location, most of which has been partially covered with dirt.

The well must either be returned to beneficial use, properly plugged and abandoned or placed into approved temporary abandonment by Completion Action Due By date.

Last reported production 5/1/2009.

MARY LOU No.005

Inspection Date	Type Inspection	Inspector	Violation?	G-29-19S-28E *Significant Non-Compliance?	30-015-02319-00-00 Corrective Action Due By:	Inspection No.
05/02/2011	Routine/Periodic	Richard Inge	Yes	No	6/3/2011	

iREI1112258305

Comments on Inspection: Violation of OCD rule 19.15.7.24 OPERATOR'S MONTHLY REPORT (Form C-115): Failure to report production from this well.
Inspection on 3/31/2011 - Pumpjack running. Stuffing box is leaking - Oil and produced water on the ground. There appears to have been several releases covering the location. Dirt has been thrown over a lot of the releases. No well sign.

Last reported production 5/1/2009.

EDDY BOA STATE No.001

Inspection Date	Type Inspection	Inspector	Violation?	P-8-18S-28E *Significant Non-Compliance?	30-015-02638-00-00 Corrective Action Due By:	Inspection No.
05/02/2011	Routine/Periodic	Richard Inge	Yes	No	8/5/2011	

iREI1112256560

Comments on Inspection: Violation of OCD rule 19.15.9.8 OPERATOR REGISTRATION:
Applicants shall provide the following to the financial assurance administrator in the division's Santa Fe office:
(2) a current address of record to be used for notice and a current emergency contact name and telephone number for each district in which the operator operates wells;....

During an inspection on 2/17/2011 - "About 1/4 bbl of fresh oil at base of wellhead. RBDMS shows David Hammond as owner, but no phone number or address. Well sign at the tank shows Hughes Drilling Co, but no phone number or address."

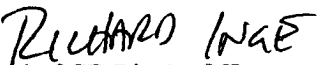
Violation of OCD rule 19.15.25.8 WELLS TO BE PROPERLY ABANDONED.

The well must either be returned to beneficial use, properly plugged and abandoned or placed into approved temporary abandonment by Completion Action Due By date.

Last reported production 5/1/2009.

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,


Richard Inge
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.



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

August 26, 2004

David Hammond

P.O. Box 1539

Artesia, NMM 88211

Attn: Mr. David Hammond:

**RE: Shut-In Order for David Hammond's Spurk F. State Well # 2, located in Unit M, 330' FSL & 983' FWL of Section 16 in Township 17 South, Range 28 East in Eddy County, New Mexico.
API # 30-015-31831**

Dear Mr. Hammond,

During a field inspection by one of our deputy oil and gas inspectors, it has been discovered that the above captioned well is in violation of a number of New Mexico Oil Conservation Division Rules and Regulations. In review of the regulatory data submitted by yourself acting as the operator of said company, I find only one subsequent report submitted after the initial application to drill. As you should be aware as being an oil and gas operator in the State of New Mexico, the NMOCD has rules and regulations that the oil and gas industry is required to follow. Of what I have found so far in violations pertaining to the submittal of regulatory paperwork, said well is to be shut in immediately until the following requirements are satisfied. They include:

- A detailed history of drilling, casing, cementing, and completion operations, etc. This data shall be filled out on NMOCD Form C-103.
- A notarized well deviation report.
- Form C-105 well completion report.
- Form C-104 (Request for Allowable and Authorization to Transport)
- ALL electric logs ran a well.

As production equipment is located and seems to be operative on this well, has oil and/or gas been sold? I so, please provide the NMOCD an authorization issued from the NMOCD.

I have provided for you convenience from the NMOCD Rulebook the above violations that pertain to this matter. In addition, is our web site: <http://www.emnrd.state.nm.us/ocd>

19.15.3.111 DEVIATION
TESTS AND DIRECTIONAL WELLS:

- (1) Deviation Tests Required. Any vertical or deviated well which is drilled or deepened shall be tested at reasonably frequent intervals to determine the deviation from the vertical. Such tests shall be made at least once each 500 feet or at the first bit change succeeding 500 feet. A tabulation of all deviation tests run, sworn to and notarized, shall be filed with Form C-104, Request for Allowable and Authorization to Transport Oil and Natural Gas.

19.15.13.1105 WELL
COMPLETION OR RECOMPLETION
REPORT AND LOG (Form C-105):

A. Within 20 days following the completion or recompletion of any well, the operator shall file form C-105 with the division. It must be filed in quintuplicate and each copy accompanied by a summary of all special tests conducted on the well, including drill stem tests. In addition, one copy of all electrical and radio-activity logs run on the well must be filed with form C-105. If the form C-105 with attached log(s) and summaries is not received by the division within the specified 20-day period, the allowable for the well will be withheld until this rule has been complied with.

Please call if you have any questions regarding this matter,


Bryan G. Arrant
PES

Cc: Tim Gum- District Supervisor, Artesia
Well File



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

DAVID G. HAMMOND

PO BOX 1538

ARTESIA NM 88211

April 14, 2006

SECOND LETTER OF VIOLATION

Dear Operator:

A reinspection of the Spurck F State 1 indicates that no action has been taken to bring the well into compliance with the 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.

INSPECTION DETAIL SECTION

SPURCK F STATE No. 001		M-16-17S-28E		30-015-01391-00-00	
Inspection Date	Type Inspection	Inspector	Violation?	Corrective Action Due By:	Inspection No.
04/6/2006	Compliance Verification	Chris Beadle	Yes	5/5/2006	iCLB0609636936

Comments on Inspection: No Action Taken To bring Well into Compliance. Pumpjack is operating. No work has been conducted, contamination remains in place, pit with tank bottoms remains behind eastern tank.

A well east of this location is pumping and the flow line for this well enters the Spurck F State 1 battery. Power for this well is provided from the Spurck F State 1 with power switch located on rear mounting block for the Spurck F State 1 pumpjack. OCD records show this well to be Spurck F State No. 2 (30-015-31831).

SPURCK F STATE No. 002		M-16-17S-28E		30-015-31831-00-00	
Inspection Date	Type Inspection	Inspector	Violation?	Corrective Action Due By:	Inspection No.
04/6/2006	Compliance Verification	Chris Beadle	Yes	5/5/2006	iCLB0609636936

Comments on Inspection: This well is operating in violation of a shut-in order issued to David G. Hammond on August 26, 2004. This well is producing and not reporting production in violation of OCD Rules.

The Spurck F State No. 2 (30-015-31831) must be shut-in immediately and remain shut in until the requirements of the OCD order of August 26, 2004 have been met and approval to produce this well is obtained from the OCD. All production that has occurred from this well must be reported not later than May 5, 2006.

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,

Artesia OCD District Office