NEW MEXICO ENERGY, MINERALS NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor Joanna Prukop Cabinet Secretary

Lori Wrotenbery Director Oil Conservation Division

The Armed Andrews

28-Jan-03

BEACH EXPLORATION INC

STE 200 800 N MARIENFELD MIDLAND, TX 79701-

Dear Operator:

The following inspection(s) indicate one or more violations as described in the detail section below. The inspection(s) indicates that the well, equipment, location or operational status failed to meet standards of the New Mexico Oil Conservation Division. 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 below 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.

Please notify the proper district office of the Division 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

		11101	LCHON DELIME	DE CITOI.		
RED LAKE UNIT 004			B-25-16S-28E	30-015-23539-00-00		
Inspection Date	Type Inspection	Inspector	Violation? Yes	*Significant Non-Compliance? No	Corrective Action Due By: 2/7/2003	Inspection No. iGEG0302750165
01/27/2003	Routine/Periodic	Gerry Guye	1 03	140	21712003	1020000
	Violations					
	1i R Surface Le	aks/Spills				
Comments (n Inspection: Vic	lation of Rule 13(St	uffing box leak/Oil pude	ile on ground)		
RED LAKE UNIT 028			N-25-16S-28E	28E 30-015-29637-00-0 0	0	
Inspection			*Significant	Corrective		
Date	Type Inspection	Inspector	Violation?	Non-Compliance?	Action Due By:	Inspection No.
01/27/2003	Routine/Periodic	Gerry Guye	Yes	No	2/7/2003	iGEG0302750619
	Violations					
	li R Surface Le	aks/Spills				
Comments of	on Inspection: Vio	olation of Rule 13(St	uffing box leak)			

In the event that a satisfactory response is not received to this letter of direction by the "Corrective Action Due By:" date
stated above, further enforcement will occur. Such enforcement may include this office applying to the Division for an order
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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.
plug and availabilities well. Such a nearing may recome a re-

Sincerely,

Tim Gum, District 2 Supervisor

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.