

NEW MEXICO ENERGY, MINERALS NATURAL RESOURCES DEPARTMENT

Susana Martinez Governor

John H. Bemis Cabinet Secretary Jami Bailey Division Director Oil Conservation Division

Field Inspection Program "Preserving the integrity of Our Environment"

13-Apr-11

PLAINS MARKETING L.P.

3514 N. Lovington Highway Hobbs NM 88240

Dear Operator:

LETTER OF VIOLATION - Inspection

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

| SAL | INE | No. | 001 |
|-----|-----|-----|-----|
| | | | |

M-36-18S-37E

30-025-12803-00-00

Inspection Date

Type Inspection

Inspector

*Significant Violation?

Corrective

Inspection No.

Routine/Periodic

Mark Whitaker

Non-Compliance?

Action Due By:

04/13/2011

Yes

No

7/17/2011

iMAW1110352742

Violations

Surface Damage/Restoration

Comments on Inspection:

DO NOT RELEASE BOND. Need to cut all bolts or bracing off concrete slab and piping sticking up on south side of slab needs to be removed 2 feet below ground level. Need to remove power pole north of slab, power pole with transformers, plastic anchor markers, and other misc debris from location. Need to put API number on dry hole marker. Questions regarding this matter can be directed to EL Gonzales at 575-393-6161 ext 114.

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,

Hobbs 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.

EMNRD
OIL CONSERVATION DIVISION
1625 N FRENCH DRIVE
HOBBS NM 88240



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