

marbob
energy corporation

August 11, 2005

Oil Conservation Division
1301 W. Grand
Artesia, NM 88210

Attn: Chris Beadle

Re: Notice of Violation
Pan Am State #1
I-28-17S-28E
30-015-10102

RECEIVED
AUG 12 2005
OIL-ARTESIA

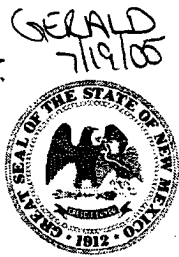
Chris:

In response to your letter of July 11, 2005, (copy attached), corrective actions on the above referenced well were completed on July 27, 2005, and it is now ready for re-inspection.

If you have any questions or require further information, please don't hesitate to contact me.

Sincerely,

Diana J. Briggs
Production Analyst



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

JUL 19 2005

*Field Inspection Program
"Preserving the Integrity of Our Environment"*

11-Jul-05

RECEIVED

AUG 12 2005

OCU-ARTESIA

MARBOB ENERGY CORP

PO BOX 227

ARTESIA NM 88211

NOTICE 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

PAN AM STATE No.001

I-28-17S-28E

30-015-10102-00-00

| Inspection Date | Type Inspection | Inspector | Violation? | *Significant Non-Compliance? | Corrective Action Due By: | Inspection No. |
|-----------------|------------------|--------------|------------|------------------------------|---------------------------|----------------|
| 07/11/2005 | Routine/Periodic | Chris Beadle | Yes | No | 8/11/2005 | iCLB0519242545 |

Violations

Tank Battery Equipment (Rules 114, 115)

Surface Leaks/Spills

Comments on Inspection: Equipment and Location needs minor attention. It appears that the Tank Battery has overflowed on separate occasions (fresh staining over top of slightly weathered staining), oil staining on north side of tank, some liquids have reached the ground. Remediation plan not required, attention should be focused on the minor run off from the tank and contaminated gravel at base of tank.

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

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.