



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

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Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

*Wild to Conservation Program
"Preserving the Integrity of Our Environment"*

02-Aug-05

GRUY PETROLEUM MANAGEMENT CO.

PO BOX 140907

IRVING TX 75014

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

FEDERAL No.001

I-5-18S-31E

30-015-25490-00-00

Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
08/01/2005	Routine/Periodic	Chris Beadle	Yes	No	9/1/2005	iCLB0521339906
Violations						
Surface Damage/Restoration						
Surface Leaks/Spills						

Comments on Inspection: Contamination around wellhead and tank battery has run off to the east and impacted pasture between tank battery and road. Contamination flow path enters a water pooling area that is wet with cattle tracks in the mud. Remediation required. Contact NMOCD District 2 Environmental Compliance Officer to discuss remediation requirements.

NESTE WILLIAMS FEDERAL No.002

G-6-18S-31E

30-015-25933-00-00

Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
08/01/2005	Routine/Periodic	Chris Beadle	Yes	No	9/1/2005	iCLB0521343140
Violations						
Surface Damage/Restoration						
Surface Leaks/Spills						

Comments on Inspection: Several areas around tank battery have impacted pasture. Area along the flowline running on western edge of Tank Battery and Well site has leaked and contaminated soil beneath the flowline and has run off into pasture to the west and southwest. The southern edge of the Tank Battery has two main areas of contamination. One area, around the separators, has had contamination run off and impacted soil and pasture to the southwest. Another area is along the flowlines near the westernmost tank of the battery where contamination has run off and impacted soil and pasture to the south.

NESTE WILLIAMS FEDERAL No.003

K-6-18S-31E

30-015-25945-00-00

Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
08/01/2005	Routine/Periodic	Chris Beadle	Yes	No	9/1/2005	iCLB0521345480
Violations						
Surface Leaks/Spills						

Comments on Inspection: Contamination at wellhead area has run off across site to the west for approximately 150 feet. Remediation required. Contact NMOCD District 2 Environmental Compliance Officer to discuss remediation requirements.

NESTE TOMANO FEDERAL No.002

B-6-18S-31E

30-015-25948-00-00

Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
08/01/2005	Routine/Periodic	Chris Beadle	Yes	No	9/1/2005	iCLB0521342075
Violations						
Absent Well Identification Signs (Rule 103)						
Surface Leaks/Spills						

Comments on Inspection: Location needs attention. Equipment OK. Well sign on ground in bushes grown up around wellhead. Violation Rule 103 - Well sign visibility. Contaminated soil at well head needs to be cleaned up and hauled off.

CANADIAN 6 FEDERAL COM No.001

K-6-18S-31E

30-015-31601-00-00

Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
08/01/2005	Routine/Periodic	Chris Beadle	Yes	No	9/1/2005	iCLB0521345077
Violations						
Absent Well Identification Signs (Rule 103)						

Comments on Inspection: No Well Sign (Rule 103). No flowline attached, last reported production November 2004.

NESTE KENWOOD 6 FEDERAL No.001

C-6-18S-31E

30-015-31850-00-00

Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
08/01/2005	Routine/Periodic	Chris Beadle	Yes	No	9/1/2005	iCLB0521348502
Violations						
Absent Well Identification Signs (Rule 103)						

Comments on Inspection: No sign at well, sign on tank battery lists EOG Resources as operator. OCD Files shows Gruy Petroleum Management Co. as operators. Violation Rule 103.

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.