



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

*Letter Inspection Program
"Dear to a letter of the Department"*

30-015-05108

09-Dec-05

CBS OPERATING CORP

PO BOX 2236

MIDLAND TX 79702

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

HUSTATE No.002

L-36-16S-31E

30-015-05018-00-00

Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
12/08/2005	Routine/Periodic	Chris Beadle	Yes	No	12/28/2005	iCLB0534247025
Violations						
Absent Well Identification Signs (Rule 103)						
Tank Battery Equipment (Rules 114, 115)						
Surface Leaks/Spills						

Comments on Inspection: Well sign is faded out and is not legible, violation of OCD Rule 103 which requires the well sign to be visible for a distance of 50 feet.

An unreported release of produced fluids from the water tank at the tank battery north of this well has occurred. Produced fluids have impacted the area around the water tank with hydrocarbons and chlorides. The release has saturated soils over an area 10 feet by 12 feet to an average depth of at least 1 foot. This impacted area affects an estimated 150 cubic feet of material and is indicative of a release of 6 barrels or more of produced fluids.

Flow line into tank battery location on north side of location goes below ground at the road. Pooled fluids and chloride residues are flowing south from an apparent underground flow line leak.

Remediation is required. Submit a Form C-141 (Release Notification and Corrective Actions) for this release.

Submit remediation work plan to OCD District 2 Office. Remediation work plan must include general site characteristics, site ranking score, soil remediation action levels, soil remediation methods, and planned analytical testing for TPH, B-TEX, Chlorides or any other contaminants of concern as applicable. Please use the "Guidelines For Remediation of Leaks, Spills, and Releases" as your guide. This document may be found on the NMOCD web site: www.emnrd.state.nm.us/ocd, under Publications> Environmental Handbook> Miscellaneous Guidelines> Remediation of Leaks, Spills and Releases.

OCD approved remediation must begin on this release no later than January 6, 2006.

Provide NMOCD District 2 Office with the remediation work plan prior to December 29, 2005.

Notify NMOCD District 2 Office 48 hours prior to any remediation work or prior to taking samples where results of the samples may be submitted to the OCD.

Notify NMOCD District 2 Office when a legible well sign, containing all information required by OCD Rule 103 is placed on location. Well sign must be corrected prior to January 8, 2006.

HUSTATE No.003

K-36-16S-31E

30-015-24935-00-00

Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
12/08/2005	Routine/Periodic Violations Surface Leaks/Spills	Chris Beadle	Yes	No	12/29/2006	iCLB0534248917

Comments on Inspection: No well sign found on location.

Equipment and Location needs minor attention. Pumpjack is operating, hydrocarbons pooled at wellhead, casing coated in fresh oil from packing leak.

Remediation is required. All soil remediation activities that occur on location must comply with the soil remediation guidelines in OCD publication "Guidelines For Remediation of Leaks, Spills, and Releases". This document may be found on the NMOCD web site:

www.emnrd.state.nm.us/ocd, under Publications> Environmental Handbook> Miscellaneous Guidelines> Remediation of Leaks, Spills and Releases.

Notify NMOCD District 2 Office 48 hours prior to any remediation work or prior to taking samples where results of the samples may be submitted to the OCD. Site remediation must begin prior to December 29, 2005.

Notify NMOCD District 2 Office when well sign has been corrected.

Notify NMOCD District 2 Office when remediation on location is completed.

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.