NEW MEXICO ENERGY, MINERALS NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON Governor Joanna Prukop

Cabinet Secretary

Lori Wrotenbery Director Oil Conservation Division

Field Inspection Program "Preserving the Integrity of Our Environment"

19-Jun-03

C E LARUE & B M MUNCY JR PO BOX 1370 ARTESIA, NM 88211-1370

NOTICE OF VIOLATION - Inspection

Dear Operator:

MCCLAY GR 004 Inspection Date

06/18/2003

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.

GR 004	L-34-18S-30E		30-015-04568-00-00		
Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
Routine/Periodic	Mike Bratcher	Yes	No	9/21/2003	iMLB0316942008

No well sign. Violation Rule 103. **Comments on Inspection:**

06/18/2003 Routine/Periodic Mike Bratcher Yes 9/21/2003 iMLB0316942162 No

INSPECTION DETAIL SECTION

Open workover pit contains hydrocarbons and staining top to bottom. Violation Rule 13 and 116. Comments on Inspection:

MCCLAY FEDERAL 009 G-33-18S-30E 30-015-21608-00-00

Inspection *Significant Corrective **Type Inspection** Inspector Violation? Non-Compliance? Action Due By: Inspection No. Date 06/19/2003 Routine/Periodic Mike Bratcher Yes No iMLB0317042411

7/21/2003 Comments on Inspection: Unlined pit behind tank battery contains oil. Netting has fallen below fluid level. Violation Rule 18.

PJ-Oper.

MCCLAY FEDERAL 002

M-34-18S-30E

30-015-25057-00-00

*Significant

Corrective Action Due By:

Inspection No.

06/18/2003

Inspection

Date

Type Inspection Routine/Periodic

Inspector Mike Bratcher Violation? Yes

Non-Compliance? No 7/18/2003

iMLB0316944504

Comments on Inspection:

No flowline or production equipment. Well status is TA. No well sign. 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 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.

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.