

NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Lori Wrotenbery

Director

Oil Conservation Division

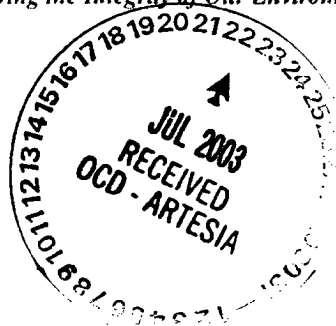
Field Inspection Program
"Preserving the Integrity of Our Environment"

18-Jun-03

H & S OIL LLC

PO BOX 186

ARTESIA, NM 88211-0000



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

MCCLAY FEDERAL 013

N-33-18S-30E

30-015-23126-00-00

Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
06/18/2003	Routine/Periodic	Mike Bratcher	Yes	No	7/18/2003	iMLB0316945462

Comments on Inspection: Well sign illegible. Violation Rule 103. No flowline or production equipment. Well status TA.

We were previously informed that a single well bond would suffice. If this information is incorrect, please let us know.

Please note that a single well bond does not exempt one from Rule 103 which is identification.

This well must be in physical compliance

on or before

7-31-03

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,

A handwritten signature in black ink, appearing to read "Mike Smith". The signature is fluid and cursive, with the first name "Mike" being more prominent than the last name "Smith".

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.



J. S. Ward & Son, Inc.

INSURANCE • BONDS

ARTESIA, NEW MEXICO 88210

101 South Fourth St.
jswinc@pvtnetworks.net

Telephone (505) 746-2796
Fax (505) 746-4244

H & S Oil, LLC
Post Office Box 186
Artesia, NM 88211-0186

INVOICE

CLIENT	H & S Oil, LLC
DATE	06/18/2003
CLIENT SERVICE	Charlene Ward Sara Sims
PAGE	1 of 1

PAYMENT INFORMATION	
INVOICE SUMMARY	500.00
PAYMENT AMOUNT	Invoice #47281
PAYMENT FOR: A-R-71385-73	

Thank You

PLEASE DETACH AND RETURN WITH PAYMENT

Client: H & S Oil, LLC

INVOICE	EFFECTIVE	TRANSACTION	DESCRIPTION	AMOUNT
47281	08/20/2003	Renew policy	Policy #A-R-71385-73 08/20/2003-08/20/2004 XL Specialty Bonds - Renew policy \$50,000 Blanket Plugging Bond to the State of New Mexico	500.00
TOTAL				500.00

McClay 13
1733

Thank You

J.S. Ward & Son, Inc.
(505)746-2796

DATE
06/18/2003

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1014