



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

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Director

Oil Conservation Division

*Oil Inspection Program
"Protecting the Integrity of Our Environment"*

19-Jun-06

J RAY STEWART

PO BOX 451

MIDLAND TX 79702

LETTER OF VIOLATION - Inspection

LOY NO. 20605

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

POKER LAKE No.065

A-19-25S-30E

30-015-24886-00-00

Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
06/16/2006	Routine/Periodic	Richard Inge	Yes	No	7/9/2006	iREI0616743150
Violations						
Emergency/Temporary Pits						

Comments on Inspection: Has old unlined pit with a hose going from tank to pit. Hose has leaked in past. Pit had no fluids. Hydrocarbon staining observed. Pit in violation of Rule 50. Submit C144 Closure plan along with Remediation plan by compliance due date.

POKER LAKE UNIT No.066

L-17-25S-30E

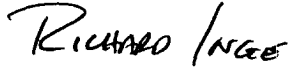
30-015-24988-00-00

Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
06/16/2006	Routine/Periodic	Richard Inge	Yes	No	7/9/2006	iREI0616745143
Violations						
Emergency/Temporary Pits						

Comments on Inspection: Open drilling pit is in violation of Rule 50. Submit C144 closure plan by compliance due date.

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 that reads "Ricardo Ince". The signature is written in a cursive style with a large, stylized "R" and "I".

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.