



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

Field Inspection Program

"Preserving the Integrity of Our Environment"

30 015 24920

21-Nov-07

7001 1940 0001 9971 5543

CBS OPERATING CORP

PO BOX 2236

MIDLAND TX 79702

LOV NO. 02-07-223

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

NORTH SQUARE LAKE UNIT No.024

B-29-16S-31E

30-015-04912-00-00

| Inspection Date | Type Inspection | Inspector | Violation? | *Significant Non-Compliance? | Corrective Action Due By: | Inspection No. |
|---|------------------|-----------------|------------|------------------------------|---------------------------|----------------|
| 11/05/2007 | Routine/Periodic | Kimberly Wilson | Yes | No | 12/21/2007 | iKMW0730940912 |
| Comments on Inspection: Stuffing box leaking, oil pooled around well head. Violation of rule 13 and rule 116. Need to file a C-141. | | | | | | |

NORTH SQUARE LAKE UNIT No.144

K-31-16S-31E

30-015-04941-00-00

| Inspection Date | Type Inspection | Inspector | Violation? | *Significant Non-Compliance? | Corrective Action Due By: | Inspection No. |
|---|------------------|-----------------|------------|------------------------------|---------------------------|----------------|
| 11/06/2007 | Routine/Periodic | Kimberly Wilson | Yes | No | 12/21/2007 | iKMW0731031384 |
| Comments on Inspection: Release from stuffing box, oil pooled up around well head. Violation of Rule 13 and Rule 116. Need to file C-141. | | | | | | |

NORTH SQUARE LAKE UNIT No.123

E-31-16S-31E

30-015-04943-00-00

| Inspection Date | Type Inspection | Inspector | Violation? | *Significant Non-Compliance? | Corrective Action Due By: | Inspection No. |
|--|------------------|-----------------|------------|------------------------------|---------------------------|----------------|
| 11/05/2007 | Routine/Periodic | Kimberly Wilson | Yes | No | 12/21/2007 | iKMW0730948641 |
| Comments on Inspection: Release from stuffing box, oil pooled around well head. Violation of Rule 13 and Rule 116. Need to file a C-141. | | | | | | |

NORTH SQUARE LAKE UNIT No.160

N-31-16S-31E

30-015-04953-00-00

| Inspection Date | Type Inspection | Inspector | Violation? | *Significant Non-Compliance? | Corrective Action Due By: | Inspection No. |
|---|------------------|-----------------|------------|------------------------------|---------------------------|----------------|
| 11/06/2007 | Routine/Periodic | Kimberly Wilson | Yes | No | 12/21/2007 | iKMW0731031762 |
| Comments on Inspection: Release from stuffing box, oil pooled up around well head. Violation of Rule 13 and Rule 116. Need to file a C-141. | | | | | | |

NORTH SQUARE LAKE UNIT No.149

L-33-16S-31E

30-015-04969-00-00

| Inspection Date | Type Inspection | Inspector | Violation? | *Significant Non-Compliance? | Corrective Action Due By: | Inspection No. |
|---|------------------|-----------------|------------|------------------------------|---------------------------|----------------|
| 11/06/2007 | Routine/Periodic | Kimberly Wilson | Yes | No | 12/21/2007 | iKMW0731038821 |
| Comments on Inspection: Release from stuffing box, oil pooled up around well head. Violation of Rule 13 and Rule 116. Need to file C-141. | | | | | | |

NORTH SQUARE LAKE UNIT No.135

B-33-16S-31E

30-015-04984-00-00

| Inspection Date | Type Inspection | Inspector | Violation? | *Significant Non-Compliance? | Corrective Action Due By: | Inspection No. |
|---|------------------|-----------------|------------|------------------------------|---------------------------|----------------|
| 11/06/2007 | Routine/Periodic | Kimberly Wilson | Yes | No | 12/21/2007 | iKMW0731036067 |
| Comments on Inspection: Release from stuffing box, oil pooled up around well head. Violation of Rule 13 and Rule 116. Need to file C-141. | | | | | | |

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. |
|---|------------------|-----------------|------------|------------------------------|---------------------------|----------------|
| 11/09/2007 | Routine/Periodic | Kimberly Wilson | Yes | No | 12/21/2007 | iKMW0731332744 |
| Comments on Inspection: Stuffing box leak, oil pooled up around well head. Violation of Rule 13 and Rule 116. Need to file a C-141. | | | | | | |

HUSTATE No.001

N-36-16S-31E

30-015-05021-00-00

| Inspection Date | Type Inspection | Inspector | Violation? | *Significant Non-Compliance? | Corrective Action Due By: | Inspection No. |
|--|------------------|-----------------|------------|------------------------------|---------------------------|----------------|
| 11/09/2007 | Routine/Periodic | Kimberly Wilson | Yes | No | 12/21/2007 | iKMW0731333061 |
| Comments on Inspection: Stuffing box leak, oil pooled up at well head. Violation of Rule 13 and 116. Need to file a C-141. | | | | | | |

NORTH SQUARE LAKE UNIT No.114

C-34-16S-31E

30-015-10271-00-00

| Inspection Date | Type Inspection | Inspector | Violation? | *Significant Non-Compliance? | Corrective Action Due By: | Inspection No. |
|---|------------------|-----------------|------------|------------------------------|---------------------------|----------------|
| 11/05/2007 | Routine/Periodic | Kimberly Wilson | Yes | No | 12/21/2007 | iKMW0730946317 |
| Comments on Inspection: Release from stuffing box, oil pooled up around well head. Violation of Rule 13 and Rule 116. Need to file C-141. | | | | | | |

NORTH SQUARE LAKE UNIT No.170

P-33-16S-31E

30-015-10345-00-00

| Inspection Date | Type Inspection | Inspector | Violation? | *Significant Non-Compliance? | Corrective Action Due By: | Inspection No. |
|---|------------------|-----------------|------------|------------------------------|---------------------------|----------------|
| 11/06/2007 | Routine/Periodic | Kimberly Wilson | Yes | No | 12/21/2007 | iKMW0731036436 |
| Comments on Inspection: Release from stuffing box, oil pooled up around well head. Violation of Rule 13 and Rule 116. Need to file C-141. | | | | | | |

LOCO HILLS A FEDERAL No.006

D-15-17S-30E

30-015-20611-00-00

| Inspection Date | Type Inspection | Inspector | Violation? | *Significant Non-Compliance? | Corrective Action Due By: | Inspection No. |
|--|------------------|-----------------|------------|------------------------------|---------------------------|----------------|
| 11/20/2007 | Routine/Periodic | Kimberly Wilson | Yes | No | 12/21/2007 | iKMW0732441792 |
| Comments on Inspection: Workover Pit Open, liner breached. Violation Rule 50. Operator must submit C-144. Photos taken | | | | | | |

LOCO HILLS B FEDERAL No.006

O-9-17S-30E

30-015-20673-00-00

| Inspection Date | Type Inspection | Inspector | Violation? | *Significant Non-Compliance? | Corrective Action Due By: | Inspection No. |
|---|------------------|-----------------|------------|------------------------------|---------------------------|----------------|
| 11/20/2007 | Routine/Periodic | Kimberly Wilson | Yes | No | 12/21/2007 | iKMW0732435485 |
| Comments on Inspection: Stuffing box leak, oil and produced water pooled around well head, Violation of Rule 13 and Rule 116. Need to file a C-141. | | | | | | |

NORTH SQUARE LAKE UNIT No.156

J-34-16S-31E

30-015-21771-00-00

| Inspection Date | Type Inspection | Inspector | Violation? | *Significant Non-Compliance? | Corrective Action Due By: | Inspection No. |
|---|------------------|-----------------|------------|------------------------------|---------------------------|----------------|
| 11/05/2007 | Routine/Periodic | Kimberly Wilson | Yes | No | 12/21/2007 | iKMW0730947367 |
| Comments on Inspection: Release from stuffing box. oil pooled up around well head. Violation of Rule 13 and Rule 116. Need to file C-141. | | | | | | |

NORTH SQUARE LAKE UNIT No.162

O-31-16S-31E

30-015-24457-00-00

| Inspection Date | Type Inspection | Inspector | Violation? | *Significant Non-Compliance? | Corrective Action Due By: | Inspection No. |
|---|------------------|-----------------|------------|------------------------------|---------------------------|----------------|
| 11/06/2007 | Routine/Periodic | Kimberly Wilson | Yes | No | 12/21/2007 | iKMW0731032772 |
| Comments on Inspection: Release from stuffing box. oil pooled up around well head. Violation of Rule 13 and Rule 116. Need to file C-141. | | | | | | |

BURNHAM GRAYBURG SAN ANDRES UNIT No.004

J-2-17S-30E

30-015-24800-00-00

| Inspection Date | Type Inspection | Inspector | Violation? | *Significant Non-Compliance? | Corrective Action Due By: | Inspection No. |
|--|------------------|-----------------|------------|------------------------------|---------------------------|----------------|
| 11/20/2007 | Routine/Periodic | Kimberly Wilson | Yes | No | 12/21/2007 | iKMW0732446157 |
| Comments on Inspection: Release at stuffing box, contamination at well head. Piled up contaminated dirt left of well head. Looks like clean up started never finished. Photos taken. | | | | | | |

NORTH SQUARE LAKE UNIT No.158

W-31-16S-31E

30-015-24920-00-00

| Inspection Date | Type Inspection | Inspector | Violation? | *Significant Non-Compliance? | Corrective Action Due By: | Inspection No. |
|---|------------------|-----------------|------------|------------------------------|---------------------------|----------------|
| 11/06/2007 | Routine/Periodic | Kimberly Wilson | Yes | No | 12/21/2007 | iKMW0731032021 |
| Comments on Inspection: Release from stuffing box. oil pooled up around well head. Violation of Rule 13 and Rule 116. Need to file C-141. | | | | | | |

NORTH SQUARE LAKE UNIT No.106

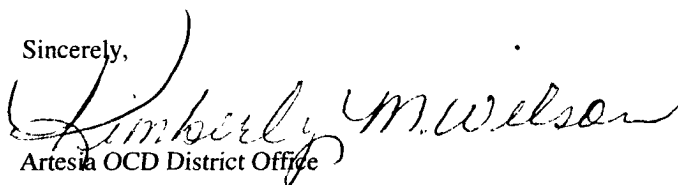
B-32-16S-31E

30-015-25029-00-00

| Inspection Date | Type Inspection | Inspector | Violation? | *Significant Non-Compliance? | Corrective Action Due By: | Inspection No. |
|--|------------------|-----------------|------------|------------------------------|---------------------------|----------------|
| 11/05/2007 | Routine/Periodic | Kimberly Wilson | Yes | No | 12/21/2007 | iKMW0730943550 |
| Comments on Inspection: Leak at stuffing box, oil pooled up on location and running down side bank. Violation of Rule 13 and Rule 116. Need to file a C-141. | | | | | | |

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.