

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"

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:

Inspection

Date

Comments on Inspection:

11/05/2007

Type Inspection

Routine/Periodic

to file a C-141.

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.

			INSTECTION	DEIMI			
NORTH SQ	UARE LAKE	UNIT No.024			B-29-16S-31E	30-015-04912-00-	00_
Inspection Date	Type Inspection	1	Inspector	Violation?	*Significant 7 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 lead C-141.	king, oil pooled arou	nd well head	d. Violation of rule 13	3 and rule 116. Need t	o file a
NORTH SQUARE LAKE UNIT No.144 Inspection					K-31-16S-31E *Significant	30-015-04941-00- Corrective	00
Date	Type Inspection	1	Inspector	Violation?	Non-Compliance?	Action Due By:	Inspection No.
11/06/2007	Routine/Perio	dic	Kimberly Wilson	Yes	No	12/21/2007	iKMW0731031384
Comments	on Inspection:	Release from stu Need to file C-14		l up around	well head. V 7 iolation	of Rule 13 and Rule	116.
NORTH SQUARE LAKE UNIT No.123					E-31-16S-31E	30-015-04943-00-	00

Violation?

Yes

Release from stuffing box, oil pooled around well head. Violation of Rule 13 and Rule 116. Need

*Significant

Non-Compliance?

No

Corrective

Action Due By:

12/21/2007

Inspection No.

iKMW0730948641

INSPECTION DETAIL SECTION

Inspector

Kimberly Wilson

NORTH SQUARE LAKE UNIT No.160 N-31-16S-31E 30-015-04953-00-00 *Significant Corrective Inspection Inspection No. **Type Inspection** Violation? Inspector Non-Compliance? Action Due By: Date Kimberly Wilson 12/21/2007 iKMW0731031762 11/06/2007 Yes No Routine/Periodic Comments on Inspection: Release from stuffing box, oil pooled up around well head. Violation of Rule 13and Rule 116. Need to file a C-141. **NORTH SQUARE LAKE UNIT No.149** L-33-16S-31E 30-015-04969-00-00 Inspection *Significant Corrective Inspection No. Type Inspection Inspector Violation? Date Non-Compliance? Action Due By: iKMW0731038821 11/06/2007 Routine/Periodic Kimberly Wilson Yes 12/21/2007 No **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 SOUARE LAKE UNIT No.135 B-33-16S-31E 30-015-04984-00-00 Inspection *Significant Corrective Type Inspection Inspector Violation? Inspection No. Date Non-Compliance? Action Due By: 11/06/2007 Kimberly Wilson iKMW0731036067 Routine/Periodic Yes No 12/21/2007 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 *Significant Inspection Corrective Type Inspection Violation? Inspection No. Date Inspector Non-Compliance? **Action Due By:** 11/09/2007 Routine/Periodic Kimberly Wilson Yes iKMW0731332744 12/21/2007 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 *Significant Corrective Type Inspection Inspector Violation? Inspection No. Date Non-Compliance? Action Due By: 11/09/2007 Routine/Periodic Kimberly Wilson Yes 12/21/2007 iKMW0731333061 No **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 *Significant Inspection Corrective Type Inspection Inspector Violation? Inspection No. Date Non-Compliance? **Action Due By:** 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 *Significant Corrective Violation? Type Inspection Inspector Inspection No. Date Action Due By: Non-Compliance? 11/06/2007 Routine/Periodic Kimberly Wilson iKMW0731036436 Yes No 12/21/2007 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 *Significant Corrective Type Inspection Violation? Inspector Inspection No. Date Non-Compliance? Action Due By: 11/20/2007 iKMW0732441792 Routine/Periodic Kimberly Wilson Yes No 12/21/2007 **Comments on Inspection:** Workover Pit Open, liner breached. Violation Rule 50. Operator must submit C-144. Photos LOCO HILLS B FEDERAL No.006 O-9-17S-30E 30-015-20673-00-00 Inspection *Significant Corrective Date Type Inspection Inspector Violation? Inspection No. Non-Compliance? **Action Due By:** 11/20/2007 Routine/Periodic Kimberly Wilson iKMW0732435485 Yes No 12/21/2007 **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.

Oil Conservation Division * 1301 W. Grand * Artesia, New Mexico 88210 Phone: 505-748-1283 * Fax: 505-748-9720 * http://www.emnrd.state.nm.us

NORTH SQ Inspection Date	UARE LAKE Type Inspection Routine/Perio		Inspector Kimberly Wilson	Violation? Yes	J-34-16S-31E *Significant Non-Compliance? No	•	00 Inspection No. iKMW0730947367
Comments of	on Inspection:	Release from stu Need to file C-14		d up around	well head. Violation	of Rule 13 and Rule 1	16.
NORTH SQ Inspection Date	UARE LAKE Type Inspection	UNIT No.162	Inspector	Violation?	O-31-16S-31E *Significant Non-Compliance?	•	Inspection No.
11/06/2007 Comments of	Routine/Perio				No well head. Violation	12/21/2007 of Rule 13 and Rule 1	iKMW0731032772 16.
BURNHAM Inspection Date	GRAYBURG Type Inspection Routine/Perio	1	S UNIT No.004 Inspector Kimberly Wilson	Violation? Yes	J-2-17S-30E *Significant Non-Compliance?	30-015-24800-00-0 Corrective Action Due By: 12/21/2007	00 Inspection No. iKMW0732446157
	n Inspection:	Release at stuffir	•	n at well he	ad. Piled up contamin	ated dirt left of well he	
NORTH SQ Inspection Date	UARE LAKE Type Inspection	UNIT No.158	Inspector	Violation?	W-31-16S-31E *Significant Non-Compliance?	30-015-24920-00-0 Corrective Action Due By:	Inspection No.
11/06/2007	Routine/Perio	dic	Kimberly Wilson	Yes	No	12/21/2007 i	KMW0731032021
Comments o	n Inspection:	Release from stu Need to file C-14		l up around	well head. Violation	of Rule 13 and Rule 1	16.
NORTH SQ Inspection Date	UARE LAKE Type Inspection	UNIT No.106	Inspector	Violation?	B-32-16S-31E *Significant Non-Compliance?	30-015-25029-00-0 Corrective Action Due By:	Inspection No.

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.

Yes

Leak at stuffing box, oil pooled up on location and running down side bank. Violation of Rule 13

No

12/21/2007 iKMW0730943550

Kimberly Wilson

and Rule116. Need to file a C-141.

Sincerely,

Artesia OCD District Office

11/05/2007 Routine/Periodic

Comments on Inspection:

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.