

NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

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Director

Oil Conservation Division

Field Inspection Program
"Preserving the Junganty of Our Favironment"

30015 04953

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	V DETAIL	L SECTION		
NORTH SO Inspection Date 11/05/2007	UARE LAKE Type Inspection Routine/Perio	n	Inspector Kimberly Wilson	Violation? Yes	B-29-16S-31E *Significant Non-Compliance? No	30-015-04912-00- Corrective Action Due By: 12/21/2007	Inspection No.
Comments	on Inspection:	Stuffing box lead C-141.	king, oil pooled arou	nd well hea	d. Violation of rule 13	and rule 116. Need	to file a
Inspection Date	UARE LAKE Type Inspection	1	Inspector	Violation?	K-31-16S-31E *Significant Non-Compliance?	30-015-04941-00- Corrective Action Due By:	00 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. V7iolation	of Rule 13 and Rule	116.
NORTH SQ Inspection Date	UARE LAKE Type Inspection		Inspector	Violation?	E-31-16S-31E *Significant Non-Compliance?	30-015-04943-00- Corrective Action Due By:	Inspection No.
11/05/2007	Routine/Period	dic	Kimberly Wilson	Yes	No	12/21/2007	iKMW0730948641
Comments of		Release from stutto file a C-141.	ffing box, oil pooled	around well	head. Violation of R	tule 13 and Rule 116.	Need '

NORTH SQUARE LAKE UNIT No.160 N-31-16S-31E 30-015-04953-00-00 Corrective *Significant Inspection Inspection No. Inspector Violation? Type Inspection Action Due By: Date Non-Compliance? iKMW0731031762 Kimberly Wilson 12/21/2007 11/06/2007 Routine/Periodic Yes No **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. 30-015-04969-00-00 NORTH SQUARE LAKE UNIT No.149 L-33-16S-31E Inspection *Significant Corrective Inspection No. Type Inspection Inspector Violation? Non-Compliance? Action Due By: Date iKMW0731038821 11/06/2007 Routine/Periodic Kimberly Wilson 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. NORTH SQUARE LAKE UNIT No.135 B-33-16S-31E 30-015-04984-00-00 Inspection *Significant Corrective Inspection No. **Type Inspection** Inspector Violation? Date Non-Compliance? Action Due By: Kimberly Wilson 11/06/2007 Yes 12/21/2007 iKMW0731036067 Routine/Periodic 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** 30-015-05018-00-00 L-36-16S-31E Inspection *Significant Corrective Type Inspection Inspector Violation? Inspection No. Date Non-Compliance? **Action Due By:** 11/09/2007 Routine/Periodic Kimberly Wilson Yes No 12/21/2007 iKMW0731332744 Stuffing box leak, oil pooled up around well head. Violation of Rule 13 and Rule 116. Need to file Comments on Inspection: 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: Routine/Periodic 12/21/2007 iKMW0731333061 11/09/2007 Kimberly Wilson Yes 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 Kimberly Wilson iKMW0730946317 Routine/Periodic Yes No 12/21/2007 Release from stuffing box, oil pooled up around well head. Violation of Rule 13 and Rule 116. Comments on Inspection: Need to file C-141. NORTH SQUARE LAKE UNIT No.170 P-33-16S-31E 30-015-10345-00-00 Inspection *Significant Corrective Date Type Inspection Inspector Violation? Inspection No. Non-Compliance? Action Due By: 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 *Significant Corrective **Type Inspection** Inspector Violation? Inspection No. Date Non-Compliance? Action Due By: 11/20/2007 Routine/Periodic Kimberly Wilson Yes iKMW0732441792 No 12/21/2007 Workover Pit Open, liner breached. Violation Rule 50. Operator must submit C-144. Photos **Comments on Inspection:** LOCO HILLS B FEDERAL No.006 O-9-17S-30E 30-015-20673-00-00 Inspection *Significant Corrective **Type Inspection** Inspector Violation? Date Non-Compliance? Inspection No. **Action Due By:** 11/20/2007 Routine/Periodic Kimberly Wilson Yes No iKMW0732435485 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.

NORTH SQ Inspection Date	UARE LAKI Type Inspection	E UNIT No.156	Inspector	Violation?	J-34-16S-31E *Significant Non-Compliance?	30-015-21771-00- Corrective Action Due By:	Inspection No.
11/05/2007	Routine/Peri	odic	Kimberly Wilson	Yes	No	12/21/2007	iKMW0730947367
Comments	on Inspection:	Release from stu Need to file C-1	•	d up around	well head. Violation	of Rule 13 and Rule	116.
NORTH SQ Inspection Date	UARE LAKI Type Inspection	E UNIT No.162	Inspector	Violation?	O-31-16S-31E *Significant Non-Compliance?	30-015-24457-00- Corrective Action Due By:	.00 Inspection No.
11/06/2007	Routine/Peri	odic	Kimberly Wilson	Yes	No	12/21/2007	iKMW0731032772
Comments	on Inspection:	Release from stu Need to file C-1	•	l up around	well head. Violation	of Rule 13 and Rule	116.
BURNHAM GRAYBURG SAN ANDRE Inspection Date Type Inspection		S UNIT No.004 Inspector	Violation?	J-2-17S-30E *Significant Non-Compliance?	30-015-24800-00- Corrective Action Due By:	00 Inspection No.	
11/20/2007	Routine/Perio	odic	Kimberly Wilson	Yes	No	12/21/2007	iKMW0732446157
Comments	on Inspection:		ng box, contamination up started never finis		ad. Piled up contamina s taken.	ated dirt left of well h	ead.
NORTH SQUARE LAKE UNIT No.158 Inspection			_		W-31-16S-31E *Significant	30-015-24920-00- Corrective	
Date	Type Inspectio			Violation?	Non-Compliance?	Action Due By:	Inspection No.
11/06/2007	Routine/Perio	odic	Kimberly Wilson	Yes	No	12/21/2007	iKMW0731032021
Comments o	n Inspection:	Release from stur Need to file C-14	~ .	up around	well head. Violation	of Rule 13 and Rule 1	16.

NORTH SQUARE LAKE UNIT No.106 Inspection

B-32-16S-31E

30-015-25029-00-00

Type Inspection Date 11/05/2007 Routine/Periodic Inspector

Kimberly Wilson

Violation? Yes

*Significant Non-Compliance? No

Corrective **Action Due By:**

Inspection 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 Rule116. 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 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.

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.

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