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NEW MEXICO ENERGY, MINERALS and  
NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

**\*Response Required – Deadline Enclosed\***

09-May-08

I & W INC

PO BOX 98

LOCO HILLS NM 88255

LOV NO. 02-08-078

**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**

| Inspection Date | Type Inspection  | Inspector    | Violation? | *Significant Non-Compliance? | Corrective Action Due By: | Inspection No. |
|-----------------|------------------|--------------|------------|------------------------------|---------------------------|----------------|
| 05/09/2008      | Routine/Periodic | Richard Inge | Yes        | No                           | 5/26/2008                 | iREI0813032766 |

**Comments on Inspection:** Release of fluids across location. Standing fluids in pools. Hydrocarbon release around transport valves. Numerous hydrocarbon releases among tanks at battery. Looks like a thief hatch was opened and drained into bermed area. Berm is lined. Also looks like 2 tanks have overflowed.

Please submit c-141 spill release and clean up report by completion 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,

*RICHARD INGE*

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.