7008 1140 0001 4145 1698



NEW MEXICO ENERGY, MINERALS NATURAL RESOURCES DEPARTMENT

30.015.24

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

and the second secretary and the second second

BILL RICHARDSON Governor

Joanna Prukop Cabinet Secretary

Response Required - Deadline Enclosed

Field Inspection Program "Preserving the Integrity of Our Environment"

09-Apr-09

LOV NO. 02-09-010

MARKS AND GARNER PRODUCTION LTD CO

P.O. BOX 1089 **HOBBS NM 88241**

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

CAVE STATE No.004

F-4-17S-29E

30-015-24742-00-00

Inspection Date

Type Inspection

Inspector

*Significant Violation? Non-Compliance?

Corrective Action Due By:

Inspection No.

04/09/2009

Routine/Periodic

Ron Harvey

Yes

No

4/24/2009

iREH0909935673

Comments on Inspection:

Contaminated soil built up around wellhead, fresh hydrocarbon contamination on wellhead and top of contaminated soil. Violation of NMAC 19.15.2.8. Operator must submit C-141 to OCD District II officer no later than 4/24/2009. Remediation plan may be required. Well sign not in compliance with NMAC 19.15.16.8. Well is listed as active oil producer and pump jack is operational and flow valve is open. However, no oil production has been reported since before 5/1/2004. Photos taken.

CAVE STATE No.003

E-4-17S-29E

30-015-24743-00-00

Inspection

Type Inspection

Inspector

*Significant Violation?

Corrective Action Due By:

Date 04/09/2009

Routine/Periodic

Ron Harvey

Non-Compliance? Yes No

5/9/2009

Inspection No. iREH0909937968

Comments on Inspection:

Well looks abandoned. Pump jack has been removed and power turned off. Well is shut in and rods are hanging. No signs of any recent activity. Violation of NMAC 19.15.25.8. Operator must return well to beneficial use, properly T/A or submit P/A procedure to OCD District II office for approval no later than 5/9/2009. No well sign on or near location, violation of NMAC 19.15.16.8.

Photos taken.

DIAMOND STATE No.001

O-4-17S-29E

30-015-24759-00-00

Inspection Date

04/09/2009

Type Inspection
Routine/Periodic

Inspector

Violation?

*Significant Non-Compliance? Corrective
Action Due By:

. Inspection No.

Ron Harvey

Yes

No

5/9/2009

iREH0909941958

Comments on Inspection:

Well is abandoned. No power. Flowline disconnected. No access road into location and no signs of any recent activity. Violation of NMAC 19.15.25.8. Operator must return well to beneficial use, properly T/A or submit P/A procedure for approval to OCD District II office no later than

5/9/2009. Well sign not in compliance with NMAC 19.15.16.8. Photos taken.

RED TWELVE STATE No.002

H-4-17S-29E

30-015-24966-00-00

*Significant

Corrective

Inspection No.

Date 04/09/2009

Inspection

Type Inspection
Routine/Periodic

Inspector Ron Harvey Violation? Yes

Non-Compliance?

Action Due By: 5/9/2009

iREH0909934183

Comments on Inspection:

Fresh release in tank battery area. Violation of NMAC 19.15.2.8. Operator must submit C-141 to OCD District II office no later than 5/9/2009. Remediation plan may be required. Well is idle, last reported production 9/1/2007. Violation of NMAC 19.15.25.8. Operator must return well to beneficial use, T/A or submit P/A procedure to OCD District II office for approval no later than 5/9/2009. No well sign on or near location, violation of NMAC 19.15.16.8. Operator must install well sign in compliance with OCD directives and notify District II office by letter when sign is

installed. Misc junk on location needs to be removed. Photos taken.

RED TWELVE STATE No.003

I-5-17S-29E

30-015-24989-00-00

Inspection Date

Type Inspection

Inspector

Violation?

*Significant Non-Compliance?

Corrective Action Due By:

Inspection No.

04/09/2009

Routine/Periodic

Ron Harvey

Yes

No

4/24/2009

iREH0909939400

Comments on Inspection:

Fresh hydrocarbon release in tank battery area. Violation of NMAC 19.15.29. Operator must submit C-141 to OCD District II office no later than 4/24/2009. Remediation plan may be required. Well sign not in compliance with NMAC 19.15.16.8. Pump jack operating. Photos taken.

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.

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.