



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

22 December 2005

LETTER OF VIOLATION

Nearburg Producing Company
3300 N. A St., Bldg 2. Ste. 120
Midland, Texas 79705

RE: Werthiem 34 Fed Com # 1

API # 30-015-00117

Location I-34-19-25

VIOLATION OF OCD RULE 50

Dear Sir or Madam:

The Artesia Division of the OCD on December 21, 2005 conducted a routine inspection of this location. Your pit was found to be in violation of OCD Rule 50.

OCD Rule 50 [19.15.2.50 NMAC - N, 02/13/04], PITS AND BELOW-GRADE TANKS, provides, in relevant part: "... Drilling or production. An operator shall apply to the appropriate district office for a permit for use of a pit or below-grade tank in drilling, production, or operations not otherwise identified in Subparagraph (a), Paragraph (1), Subsection B of 19.15.2.50 NMAC."... "Design, construction, and operational standards. (1) In general. Pits, sumps and below-grade tanks shall be designed, constructed and operated so as to contain liquids and solids to prevent contamination of fresh water and protect public health and the environment."... "Drilling pits, workover pits. Each drilling pit or workover pit shall contain, at a minimum, a single liner appropriate for conditions at the site. The liner shall be designed, constructed, and maintained so as to prevent the contamination of fresh water, and protect public health and the environment."... ". Except as otherwise specified in Section 50 of 19.15.2 NMAC, a pit or below-grade tank shall be properly closed within six months after cessation of use.".....

After the field inspection an office review was conducted. A description of the Oil Conservation Division's findings follows:

1. Nearburg filed false information on the original C-144 dated 7-9-04.
2. Nearburg did not build the pit and/or line the pit in such a manner to contain liquids and solids to prevent contamination of fresh water and protect public health and the environment.
3. Nearburg did not maintain the liner to prevent the contamination of fresh water, and protect public health and the environment.
4. Nearburg did not properly close the pit within six months after cessation of use.

Please submit to this office on or before **January 10, 2006** a pit closure plan. Please include at a minimum:

1. A plan that can be approved in a sensitive area.
2. When and how the samples will be taken.
3. A purposed closure date.

If this matter is not satisfactorily resolved in the time period set out above we may assess penalties against you for each violation of OCD Rules, in accordance with NMSA 1978, Section 70-2-31(A). Section 70-2-31(A) authorizes penalties of up to \$1,000.00 per day per violation for any knowing and willful violation of any provision of the Oil and Gas Act or any rule adopted pursuant to the Act. Alternatively or in addition to the penalties the OCD may seek other remedies deemed appropriate for the situation.



Van Barton
Field Supervisor

cc: well file