

**UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT**

**NOTICE OF INCIDENTS OF NONCOMPLIANCE**

☒ Certified Mail - Return  
Receipt Requested  
70101870000352257279

☐ Hand Delivered Received  
by

Identification	
IID	
Lease	NMLC063368
CA	
Unit	NMNM101360X
PA	

Bureau of Land Management Office <b>CARLSBAD FIELD OFFICE</b>				Operator <b>CBS OPERATING CORPORATION</b>			
Address <b>620 E GREENE STREET CARLSBAD NM 88220</b>				Address <b>P O BOX 2236 MIDLAND TX 79702</b>			
Telephone <b>575-234-5994</b>				Attention			
Inspector <b>BLAKLEY</b>				Attn Addr <b>30-015-04978</b>			
Site Name <b>NORTH SQUARE LAKE UNIT</b>	Well or Facility <b>132</b>	1/4 1/4 Section <b>SWNW 33</b>	Township <b>16S</b>	Range <b>31E</b>	Meridian <b>NMP</b>	County <b>EDDY</b>	State <b>NM</b>
Site Name	Well or Facility	1/4 1/4 Section	Township	Range	Meridian	County	State

**THE FOLLOWING VIOLATION WAS FOUND BY BUREAU OF LAND MANAGEMENT INSPECTORS ON THE DATE AND AT THE SITE LISTED ABOVE**

Date	Time (24 - hour clock)	Violation	Gravity of Violation
11/30/2011		43CFR 3162.1, (a)	MINOR
Corrective Action To Be Completed By	Date Corrected	Assessment for Noncompliance	Assessment Reference
12/31/2011			43 CFR 3163.1()

**Remarks**

Failure to comply with the Conditions of Approval of the Plug and Abandonment Procedure approved for this well.  
Time line established on extension approval has also not been met.

(Remarks continued on following page(s).)

When violation is corrected, sign this notice and return to above address

Company Representative Title	Signature	Date
Company Comments		

**WARNING**

Incidents of Noncompliance correction and reporting timeframes begin upon receipt of this Notice or 7 business days after the date it is mailed, whichever is earlier. Each violation must be corrected within the prescribed time from receipt of this Notice and reported to the Bureau of Land Management office at the address shown above. Please note that you already may have been assessed for noncompliance (see amount under "Assessment for Noncompliance"). If you do not comply as noted above under "Corrective Action To Be Completed By" you may incur an additional assessment under (43 CFR 3163.1) and may also incur Civil Penalties (43 CFR 3163.2). All self-certified corrections must be postmarked no later than the next business day after the prescribed time for correction.

Section 109(d)(1) of the Federal Oil and Gas Royalty Management Act of 1982, as implemented by the applicable provisions of the operating regulations at Title 43 CFR 3163 2(f)(1), provides that any person who "knowingly or willfully" prepares, maintains, or submits, false, inaccurate, or misleading reports, notices, affidavits, record, data, or other written information required by this part shall be liable for a civil penalty of up to \$25,000 per violation for each day such violation continues, not to exceed a maximum of 20 days

**REVIEW AND APPEAL RIGHTS**

A person contesting a violation shall request a State Director review of the Incidents of Noncompliance. This request must be filed within 20 working days of receipt of the Incidents of Noncompliance with the appropriate State Director (see 43 CFR 3165.3). The State Director review decision may be appealed to the Interior Board of Lands Appeals, 801 North Quincy Street, Suite 300, Arlington VA 22203 (see 43 CFR 3165.4). Contact the above listed Bureau of Land Management office for further information

Signature of Bureau of Land Management Authorized Officer <i>Jerry D. Blakley</i>				Date <i>1/30/11</i>	Time <i>08:00</i>
FOR OFFICE USE ONLY					
Number <b>1P</b>	Date	Assessment	Penalty	Termination	
Type of Inspection <b>PD</b>					

*2/15/2012*

**Accepted for record  
NMOC**

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BLM Remarks, continued

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For compliance: Plug and abandon this well By 12/31/2011

43CFR 3162.1 General requirements.

(a) The operating rights owner or operator, as appropriate, shall comply with applicable laws and regulations; with the lease terms, Onshore Oil and Gas Orders, NTL's; and with other orders and instructions of the authorized officer. These include, but are not limited to, conducting all operations in a manner which ensures the proper handling, measurement, disposition, and site security of leasehold production; which protects other natural resources and environmental quality; which protects life and property; and which results in maximum ultimate economic recovery of oil and gas with minimum waste and with minimum adverse effect on ultimate recovery of other mineral resources.