



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

*Field Inspection Report
"Preserving the Integrity of Our Environment"*

02-Aug-05

EASTLAND OIL CO

PO DRAWER 3488

MIDLAND TX 79702

NOTICE 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

POWER GRAYBURG UNIT No.002Q				2-6-18S-31E	30-015-20365-00-00		
Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.	
08/01/2005	Routine/Periodic	Chris Beadle	Yes	No	9/1/2005	iCLB0521341994	
Violations							
Surface Leaks/Spills							
Comments on Inspection:		Power Grayburg Central battery has contamination on east side of tanks. Hydrocarbon and chloride staining and standing produced fluids inside the fence line. Remediation Required. Contact NMOCD District 2 Environmental Compliance Officer to discuss remediation requirements.					

POWER GRAYBURG UNIT No.003				C-5-18S-31E	30-015-20380-00-00		
Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.	
08/01/2005	Routine/Periodic	Chris Beadle	Yes	No	9/1/2005	iCLB0521334152	
Violations							
Surface Leaks/Spills							
Comments on Inspection:		Flowline along road leading in to well site has leaked impacting soil on edge of road. Contaminated soil needs to be hauled off and connection point of flowline where leak occurred must be repaired to prevent future leaks from this connection.					

POWER GRAYBURG UNIT No.003

G-1-18S-30E

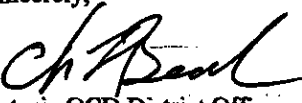
30-015-24548-00-00

Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
08/01/2005	Routine/Periodic	Chris Beadle	Yes	No	9/1/2005	ICLB0521350350
Violations						
Surface Leaks/Spills						

Comments on Inspection: Equipment OK. Location needs minor attention. Cellar full with fluids resulting in produced fluids being overflowed onto soil at wellhead. Staining confined to immediate area of wellhead. Cellar needs to be drained, impacted soil removed in cellar and around wellhead and replaced with clean fill material.

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,


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.