



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

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Director

Oil Conservation Division

*This is a copy of the original document.
The original document is on file in the Oil Conservation Division.*

04-Oct-05

SDX RESOURCES INC

PO BOX 5061

MIDLAND TX 79704

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

EAST MILLMAN UNIT No.301

M-11-19S-28E

30-015-28457-00-00

Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
09/29/2005	Routine/Periodic	Chris Beadle	Yes	No	10/28/2005	ICLB0527245540
Violations						
Surface Leaks/Spills						

Comments on Inspection: Well is listed as Temporarily Abandoned, no production reported since 4/1/96. Well is producing, pumpjack on location and operating at time of inspection. Frac tank on location.

Heavy wellhead contamination. Heavy contamination has run off location and east along road for approximately 150 yards. Contamination runs to East Millman Unit 155.

Remediation is required. Contact NMOCD District 2 Environmental Compliance Officer with site ranking and remediation work plan.

Notify NMOCD District 2 Office 48 hours prior to any remediation work or prior to taking samples where results of the samples may be submitted to OCD.

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.