

NEW MEXICO ENERGY, MINERALS NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

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Cabinet Secretary

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Director

Oil Conservation Division

Field impection Program "Preserving the Energy of that Engineering"

15-Nov-05

POGO PRODUCING CO

PO BOX 10340 MIDLAND TX 79702-7340

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

STATE 2 No.003

Inspection

Date

11/14/2005

Type Inspection

Routine/Periodic

Inspector Chris Beadle

Violation? Yes

*Significant

I-2-22S-31E

Non-Compliance? No

30-015-26877-00-00 Corrective Action Due By: 12/14/2005

Inspection No. iCLB0531840576

Violations

Surface Leaks/Spills

Comments on Inspection:

Western-most tank has very heavy chloride coating on flow-line connection on north side of tahk.

This chloride coating is forming stalactite like formation and has impacted soils beneath the

connection inside the bermed area and dug-out area of the tank battery.

Remediation of the source of chloride impact and the soil impacted area is required. Contact

NMOCD District 2 Office when remediation is complete.

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.