



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

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Oil Conservation Division

27-Dec-05

TIPTON OIL & GAS ACQUISITIONS, INC.

PO BOX 1597

LOVINGTON NM 88260

SECOND LETTER OF VIOLATION - Inspection

Dear Operator:

On August 12, 2005, a Letter of Violation was sent to you describing pollution and contamination at the well described in the Inspection Detail Section below. A follow-up inspection on December 27, 2005, was conducted and the well still failed to meet the standards of the New Mexico Oil Conservation Division as described in the detail section below.

The August 12, 2005, letter required that the Operator contact the NMOCD District 2 Office to discuss the remediation of pollution and contamination at this well. No communication from the Operator to the NMOCD District 2 Office was received. 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 and requirements to address the release at this location. This determination is based on an inspection of your well or facility by an inspector employed by the Oil Conservation Division on the date indicated.

INSPECTION DETAIL SECTION

BURTON FLAT E FEDERAL No.002

1-21S-27E

30-015-25063-00-00

Inspection

Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
12/27/2005	Compliance Verification	Chris Beadle	Yes	No	1/14/2006	iCLB0536144388

Violations: Rule 13/Rule 116 - Surface Leaks/Spills

Comments on Inspection: Location remains contaminated from runoff from the tank battery on the east side of the location and wellhead on southwest side of the location. Runoff paths from the wellhead and tank battery remain on location. Contamination path from south end of tank battery into pasture off location remains as noted in August inspection. The August inspection also noted standing fluids at the wellhead, no standing fluids noted at this inspection.

Remediation is required. Submit a remediation work plan to OCD District 2 Office. OCD Rule 19.15.3.116.D [NMAC] requires that the responsible person for a release must complete division approved corrective action and that releases will be addressed in accordance with a remediation work plan submitted to and approved by the division. To provide you with approval for corrective actions the OCD District 2 Office must first receive a remediation work plan that addresses, at a minimum, the following:

1. Site characterization including site ranking, layout and remediation action levels;
2. Release characterization including source, cause, area and volumetric estimations of impacted area(s) and contaminant specific concerns;
3. On site method of remediation including specific procedures you will follow for moisture/nutrients/additives to enhance biodegradation of the contaminants (or other specific procedures for other remediation technologies). Please ensure that the remediation technology you propose for this release is applicable to Highly Contaminated/Saturated Soils and Unsaturated Contaminated Soils and appropriate for the contaminant (for instance, MicroBlaze® is not proven to be appropriate for chloride remediation);
4. Off site remediation including sampling procedures for removed material, disposition of materials and documentation required;

5. Notification to NMOCD of work/sampling and sampling procedures (for TPH, B-TEX, Chlorides or any other contaminants of concern and as applicable) to be used for site characterization (vertical and horizontal delineation) and final closure;
6. General schedule of work to be performed including periodicity of repeated work such as tilling/moisture, etc; and,
7. Site closure procedures (closure of excavations, reseeding, grading, etc, as applicable).

Provide NMOCD District 2 Office with the remediation work plan prior to January 13, 2006. Please use the "Guidelines For Remediation of Leaks, Spills, and Releases" as your guide. This document may be found on the NMOCD web site: www.emnrd.state.nm.us/ocd, under Publications> Environmental Handbook> Miscellaneous Guidelines> Remediation of Leaks, Spills and Releases.

OCD approved remediation must begin on this release no later than January 20, 2006. Until a remediation work plan is received, the NMOCD District 2 Office must be notified 48 hours prior to any remediation work or prior to taking samples where results of the samples may be submitted to the 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.