

NEW MEXICO ENERGY, MINERALS NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop Cabinet Secretary

Mark E. Fesmire, P.E. Director

Oil Conservation Division

theid impection Program "Preserving the Imagrity of Oer Eurireana m"

12-Jan-06

READ & STEVENS INC PO BOX 1518 ROSWELL NM 88201

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

WEST	I) A	YT.	ON.	Nο	.001

Inspection Date

Type Inspection

Inspector

Violation?

*Significant Non-Compliance?

P-19-18S-26E

30-015-00211-00-00 Corrective Action Due By:

Inspection No.

01/09/2006 **Violations**

Routine/Periodic

Chris Beadle

Yes

No

2/10/2006

iCLB0600930730

Surface Leaks/Spills Comments on Inspection:

Location has had another release at the separator. Vegetation impacted on location, heavily contaminated soils over an area of 15' x 10' soutwest of separator and 20' x 10' east of separator.

Remediation is required. All soil remediation activities that occur on location must comply with the soil remediation guidelines in OCD publication "Guidelines For Remediation of Leaks, Spills, and Releases". 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 Rule 19.15.1.13 [NMAC] prohibits the handling of crude petroleum oil in such a manner or under such conditions as to constitute or result in waste. This rule further stipulates that all operators shall at all times conduct their operations in a manner that will prevent waste of oil or allow oil to escape from a conduit or operating equipment. This second release at this location, in virtually the same manner as previously released, constitutes a violation of this rule and must be remedied. Further releases at this location of a similar nature will be referred for legal action that may include civil penalties.

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.