



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

29-May-07

CLACO OIL CO

13 HAVENHILL RD

ARTESIA NM 88210

LOV NO. 0212607

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

SALOMEH No.001

M-36-21S-30E

30-015-26626-00-00

Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
05/18/2007	Inactive Well Verification	Richard Inge	Yes	No	6/14/2007	iREI0713841852

Comments on Inspection: Violation of rule 19.15.4.201. Last production report 8/1/2004. Horse head dismantled. Rod in hole. Fan belt broken from motor. Violation rule 50 - Pit still on location. Large pit empty to north of location. Pits not lined or netted. Violation rule 116 - Contamination around transport valve at tank. Contamination in pits. Looks like nothing has been done since last inspection:[2/16/2006 - Met operator on location. Deep trench in process of being dug north of pit. Operator reports that he estimates 70k cubic feet of material in pits to be deep buried, trench being constructed to hold 90k cubic feet with minimum 3 foot overfill. Operator also reported that he removed 260 bbl of fluids from the pits before stiffening. Photos taken of stiffened pit contents and trench work.] Violation rule 103 - Well sign has incorrect well name, and none of the required information.

Please submit c-144 Pit Closure form by Corrective Action due date along with site cleanup plans. Pits to be remediated and closed within 60 days of due date.

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,

Richard Inge

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.