

NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

30-Oct-07

7001 1940 0001 9971 5420

MARATHON OIL CO P.O. BOX 2490 HOBBS NM 88240

LOV NO. 02-07-211

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.

| | | INS | PECTION DETA | IL SECTION | | |
|-------------------------------|-----------------------|---|--|------------------------------------|------------------------------|----------------|
| MOC SWD No.001 | | | 14 AND SHOW A SECURITION OF A SECURITION | K-7-20S-25E | 30-015-21669-00-00 | |
| Inspection Date | Type Inspection | n Inspect | or Violation | *Significant n? Non-Compliance? | Corrective Action Due By: | Inspection No. |
| 09/12/2007 | 12/2007 Bradenhead Ri | | rd Inge Yes | No | 11/16/2007 | iREI0720847665 |
| Comments on Inspection: | | No company Representate reschedule this test. | ive to witness MIT to | est. Well must be shut-in | n. Contact OCD to | |
| INDIAN HILLS STATE COM No.007 | | | | F-36-20S-24E | 30-015-27465-00-0 |)0 |
| Inspection Date | Type Inspection | Inspecto | or Violation | *Significant 1? Non-Compliance? | Corrective Action Due By: | Inspection No. |
| 09/12/2007 | Bradenhead | Richar | d Inge Yes | No | 11/16/2007 | iREI0720847661 |
| Comments | on Inspection: | No company Representative reschedule this test. | ive to witness MIT te | st. Well must be shut-ir | n. Contact OCD to | |
| ROCKY HILLS SWD No.001 | | | | O-19-21S-24E | 30-015-30112-00-0 | 0 |
| Inspection Date | Type Inspection | Inspecto | or Violation | *Significant ? Non-Compliance? | Corrective Action Due By: | Inspection No. |
| 09/12/2007 | Bradenhead | Richard | d Inge Yes | No | 11/16/2007 | iREI0720847682 |
| Comments on Inspection: | | No company Representati reschedule this test. | ve to witness MIT tes | st. Well must be shut-in | . Contact OCD to | |

KUCKY HILLS SWD No.002

K-20-21S-24E

30-015-30600-00-00

Inspection Date 09/12/2007

Type Inspection Bradenhead

Inspector

Violation?

*Significant Non-Compliance?

Corrective Action Due By:

Inspection No.

Yes

Comments on Inspection:

Richard Inge

iREI0720847683

11/16/2007

No

No company Representative to witness MIT test. Well must be shut-in. Contact OCD to

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