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NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

Response Required – Deadline Enclosed

Field Inspection Program

"Preserving the Integrity of Our Environment"

09-Apr-09

LOV NO. 02-09-010

MARKS AND GARNER PRODUCTION LTD CO

P.O. BOX 1089

HOBBS NM 88241

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

CAVE STATE No.004		F-4-17S-29E	30-015-24742-00-00			
Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
04/09/2009	Routine/Periodic	Ron Harvey	Yes	No	4/24/2009	iREH0909935673

Comments on Inspection: Contaminated soil built up around wellhead, fresh hydrocarbon contamination on wellhead and top of contaminated soil. Violation of NMAC 19.15.2.8. Operator must submit C-141 to OCD District II officer no later than 4/24/2009. Remediation plan may be required. Well sign not in compliance with NMAC 19.15.16.8. Well is listed as active oil producer and pump jack is operational and flow valve is open. However, no oil production has been reported since before 5/1/2004. Photos taken.

CAVE STATE No.003		E-4-17S-29E	30-015-24743-00-00			
Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
04/09/2009	Routine/Periodic	Ron Harvey	Yes	No	5/9/2009	iREH0909937968

Comments on Inspection: Well looks abandoned. Pump jack has been removed and power turned off. Well is shut in and rods are hanging. No signs of any recent activity. Violation of NMAC 19.15.25.8. Operator must return well to beneficial use, properly T/A or submit P/A procedure to OCD District II office for approval no later than 5/9/2009. No well sign on or near location, violation of NMAC 19.15.16.8. Photos taken.

DIAMOND STATE No.001

O-4-17S-29E

30-015-24759-00-00

Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
04/09/2009	Routine/Periodic	Ron Harvey	Yes	No	5/9/2009	iREH0909941958

Comments on Inspection: Well is abandoned. No power. Flowline disconnected. No access road into location and no signs of any recent activity. Violation of NMAC 19.15.25.8. Operator must return well to beneficial use, properly T/A or submit P/A procedure for approval to OCD District II office no later than 5/9/2009. Well sign not in compliance with NMAC 19.15.16.8. Photos taken.

RED TWELVE STATE No.002

H-4-17S-29E

30-015-24966-00-00

Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
04/09/2009	Routine/Periodic	Ron Harvey	Yes	No	5/9/2009	iREH0909934183

Comments on Inspection: Fresh release in tank battery area. Violation of NMAC 19.15.2.8. Operator must submit C-141 to OCD District II office no later than 5/9/2009. Remediation plan may be required. Well is idle, last reported production 9/1/2007. Violation of NMAC 19.15.25.8. Operator must return well to beneficial use, T/A or submit P/A procedure to OCD District II office for approval no later than 5/9/2009. No well sign on or near location, violation of NMAC 19.15.16.8. Operator must install well sign in compliance with OCD directives and notify District II office by letter when sign is installed. Misc junk on location needs to be removed. Photos taken.

RED TWELVE STATE No.003

I-5-17S-29E

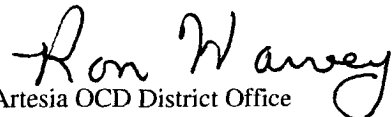
30-015-24989-00-00

Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
04/09/2009	Routine/Periodic	Ron Harvey	Yes	No	4/24/2009	iREH0909939400

Comments on Inspection: Fresh hydrocarbon release in tank battery area. Violation of NMAC 19.15.29. Operator must submit C-141 to OCD District II office no later than 4/24/2009. Remediation plan may be required. Well sign not in compliance with NMAC 19.15.16.8. Pump jack operating. Photos taken.

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.