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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

Prescribed by the New Mexico Oil Conservation Division

17-Apr-09

LOV NO. 02-09-016

PREMIER NATURAL RESOURCES, LLC
5727 S. LEWIS AVE. SUITE 200
TULSA OK 74105

30.015.25252

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

FIKES No.001

C-35-18S-26E

30-015-00269-00-00

Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
03/11/2009	Routine/Periodic	Kimberly Wilson	Yes	No	5/01/2009	iKMW090703819

Comments on Inspection: A physical inspection of this site by a NMOCD representative has resulted in the discovery of visible contamination in and around tank battery and tri-plex area, which is a violation of 19.15.2.8 [NMAC].

"..... The production or handling of oil or gas of any type or in any form or the handling of oil or gas products in a manner, under conditions or in an amount as to constitute or result in waste is prohibited....."

Also in violation of 19.15.29.8 [NMAC]

"..... The person operating or controlling either the release or the location of the release shall notify the division of unauthorized release occurring during the drilling, producing, storing, disposing, injecting, transporting, servicing or processing of oil, gases, produced water, condensate or oil field waste including regulated NORM, or other oil field related chemicals, contaminants or mixture of the chemicals or contaminants....."

Operator must submit a C-141 to NMOCD District 2 office no later than May 1, 2009.

A remediation work plan proposal may be required.

MELAINE No.002

O-26-18S-26E

30-015-21076-00-00

Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
03/10/2009	Routine/Periodic	Kimberly Wilson	Yes	No	5/01/2009	iKMW090693663

Comments on Inspection: A physical inspection of this site by a NMOCD representative has resulted in the discovery of the following:

*** A visible contamination from what appears to be a tank overflow, in the area between pit and water tank, this is in violation of 19.15.2.8 [NMAC].

"..... The production or handling of oil or gas of any type or in any form or the handling of oil or gas products in a manner, under conditions or in an amount as to constitute or result in waste is prohibited....."

Also in violation of 19.15.29.8 [NMAC]

"..... The person operating or controlling either the release or the location of the release shall notify the division of unauthorized release occurring during the drilling, producing, storing, disposing, injecting, transporting, servicing or processing of oil, gases, produced water, condensate or oil field waste including regulated NORM, or other oil field related chemicals, contaminants or mixture of the chemicals or contaminants....."

Operator must submit a C-141 to NMOCD District 2 office no later than May 1, 2009.

A remediation work plan proposal may be required.

***An unlined, unregistered open pit on site containing oil, sediment, debris, with netting below fluid level, this violates 19.15.17 [NMAC].

".....A person shall not construct or use a pit or below-grade tank except in accordance with a division-issued permit. Only an operator may apply for a division-issued permit. Facilities permitted pursuant to 19.15.36 NMAC or WQCC rules are exempt from 19.15.17 NMAC. After June 16, 2008, an unlined permanent pit is prohibited and the division shall not issue a permit for an unlined permanent pit....."

Please submit a current form C-144 along with a proposal to close the pit per NMOCD rules and guidelines. Documents are to be submitted to the NMOCD District 2 office no later than May 15, 2009.

MELAINE No.001

J-26-18S-26E

30-015-24089-00-00

Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
03/10/2009	Routine/Periodic	Kimberly Wilson	Yes	No	5/1/2009	iKMW090693717

Comments on Inspection: A physical inspection of this site by a NMOCD representative has resulted in the discovery of visible contamination, from what appears to be drums and/or chemical tanks stored next to pumping unit, which have begun to leak. Please provide documented information identifying the contents of these drums & tanks.

A visible flow path runs across the location, which is in violation of 19.15.2.8 [NMAC]

"..... The production or handling of oil or gas of any type or in any form or the handling of oil or gas products in a manner, under conditions or in an amount as to constitute or result in waste is prohibited....."

Also in violation of 19.15.29.8 [NMAC]

"..... The person operating or controlling either the release or the location of the release shall notify the division of unauthorized release occurring during the drilling, producing, storing, disposing, injecting, transporting, servicing or processing of oil, gases, produced water, condensate or oil field waste including regulated NORM, or other oil field related chemicals, contaminants or mixture of the chemicals or contaminants....."

Operator must submit a C-141 to NMOCD District 2 office no later than May 1, 2009.

A remediation work plan proposal may be required.

DOROTHY No.001

I-27-18S-26E

30-015-25252-00-00

Inspection Date	Type Inspection	Inspector	Violation?	Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
03/10/2009	Routine/Periodic	Kimberly Wilson	Yes	No	5/1/2009	1KMW090693284

Comments on Inspection: A physical inspection of this site by a NMOCD representative has resulted in the discovery of a visible contamination from what appears to be a tank overflow at the tank battery, which is in violation of 19.15.2.8 [NMAC].
"..... The production or handling of oil or gas of any type or in any form or the handling of oil or gas products in a manner, under conditions or in an amount as to constitute or result in waste is prohibited....."

Also in violation of 19.15.29.8 [NMAC]

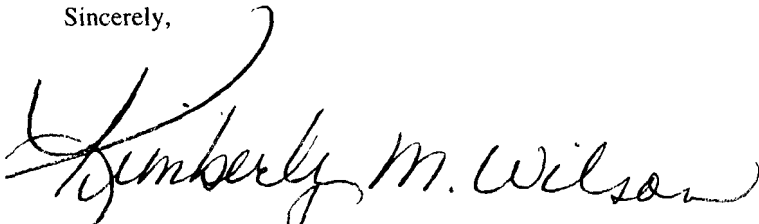
"..... The person operating or controlling either the release or the location of the release shall notify the division of unauthorized release occurring during the drilling, producing, storing, disposing, injecting, transporting, servicing or processing of oil, gases, produced water, condensate or oil field waste including regulated NORM, or other oil field related chemicals, contaminants or mixture of the chemicals or contaminants....."

Operator must submit a C-141 to NMOCD District 2 office no later than May 1, 2009.

A remediation work plan proposal may be required

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.

Oil Conservation Division * 1301 W. Grand * Artesia, New Mexico 88210

Phone: 505-748-1283 * Fax: 505-748-9720 * <http://www.emnrd.state.nm.us>