

NEW MEXICO ENERGY, MINERALS 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 Om Environment"

11-Sep-09

7007 2680 0001 6451 1141 LOV NO. 02-09-065

MERIT ENERGY COMPANY, LLC 13727 NOEL ROAD, SUITE 500 DALLAS TX 75240

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

TURNER B No.063

Inspection

O-29-17S-31E 30-015-05450-00-00

Type Inspection Date

Inspector

*Significant Violation? Non-Compliance?

Corrective Action Due By:

Inspection No.

09/12/2009 Routine/Periodic Tim Gum

No

10/26/2009

iTWG0925450092

Oil contamination around wellhead, on location and a very large area in low spot/old caliche pit

Yes

Comments on Inspection:

to west of location and north of east west lease road.

Violation of Rule 19.15.29 NMAC. Corrective action to be taken 1.) submit a Form C-141 along with a plan of remediation to address all visible at the noted areas, 2.) Send to attention Tim W.

Gum.

Corrective action to be taken by 10/26/09.

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.