

NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES

BILL RICHARDSON

Governor

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Cabinet Secretary

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Director

Oil Conservation Division

Field Inspection

"Preserving the Integrity of Our Environment"

26-Jan-04

MERIT ENERGY CO

PO Box 69

Loco Hills NM 88255

NOTICE OF VIOLATION -

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

HENSHAW DEEP UNIT 005

A-23-16S-30E

30-015-03913-00-0

Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
01/05/2004	Routine/Periodic	Mike Bratcher	Yes	No	2/5/2004	iMLB0400542272
Comments on Inspection:		Equipment and Location needs major attention. There is now a large area of contamination at wellhead area and out onto location. Some oil is pooled at base of pumpjack. Well is in violation of Rule 13.				

J L KEEL B 039


M-5-17S-31E

30-015-25920-00-0

Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
01/05/2004	Routine/Periodic	Mike Stubblefield	Yes	No	2/9/2004	iMCS0400549538
Comments on Inspection:		Followup inspection after receiving phoned in report on flowline release by a Quail hunter. The release was located near the roadbed to the west of the WIW. The flowline was repaired with clamp. Impacted area is along the roadbed and down a draw which meanders to the north & west of the road bed. Violation rule 116. A reporting. A C-141 form is required with a remediation workplan attached.				

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.