

NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

Susana Martinez
Governor
John H Benis
Cabinet Secretary-Designated
Brett F. Woods, Ph.D
Deputy Cabinet Secretary

Jami Bailey
Division Director
Oil Conservation Division

Response Required – Deadline Enclosed

10-Aug-11

J F MCADAMS
1088 W BROADWAY
HOBBS, NM 88240-

LETTER OF VIOLATION Delinquent Regulatory Filings

Dear Operator:

Oil Conservation Division ("OCD") records indicate that you failed to file the required reports identified below, or that your filings were incomplete or inaccurate.

NON-COMPLIANT WELL DETAIL SECTION

BROOKS FEDERAL No.003

Location: 7-20S-33E

30-025-01711-00-00

Original Well Type: Oil (Producing)

Well Status: Active

Determination or Violation Date: 8/10/2011

Delinquent Report or Filing(s): - Other Monitoring and Reporting Violation

Comments: OCD Hobbs office has reviewed the well file on this well finding it is out of compliance. First, this well was converted to SWD well in 2010. Intent to do the work is in the file, but there is no subsequent report or completion paperwork stating when and how this work was done. Second, there is intent to repair because it failed the MIT test, but there is no subsequent report stating how and when this well was repaired. Finally, all SWD and injection wells that are Federal, you need to notify both the BLM & the OCD 24 hours before you do a MIT test. Please send requested paperwork to the OCD Hobbs office. If you have questions on this matter, please, call Donna Mull (575) 393-6161 ext. 115.

CORRECTIVE ACTION ON THIS WELL DUE BY: 08/31/11

Please file or correct the reports identified above by the corrective action due date indicated. If you fail to file or correct the reports by that date, the OCD will take enforcement action that may include but is not limited to applying for an order assessing civil penalties and/or requiring you to plug and abandon the wells associated with those reports.

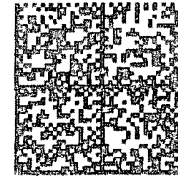
Thank you for your prompt attention to this matter and your efforts in helping to protect our environment and the infrastructure of the oil and gas industry.

Sincerely,



Hobbs OCD District Office

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
Oil Conservation Division
1625 N. French Drive
Hobbs, NM 88240



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