

NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

Susana Martinez
Governor
John H. Bemis
Cabinet Secretary, Designate
Brett F. Woods, Ph D
Deputy Cabinet Secretary

Jami Bailey
Director
Oil Conservation Division

Response Required – Deadline Enclosed

21-Sep-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: Salt Water Disposal Well

Well Status: Active

Determination or Violation Date: 9/21/2011

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

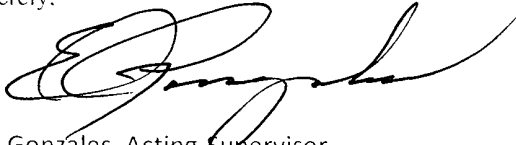
Comments: You are out of compliance with this well, and you are to shut-in this well until you have supplied the BLM & OCD all forms and logs required for approval. This is a federal well and all intents, subsequent, and completion reports are to be on federal Forms 3160-5 and 3160-4. When you plan to do work or testing on this well both the BLM & OCD needs to be notified 24 hours before you do anything. Per SWD-1124 you was to run an injection survey with both tracer and temperature logs within 6 months of commencing injection. This has not been done and needs to be done immediately. Another MIT is to be run to verify that repairs done last year are still effective.
If you have questions on this matter, please call E.L. Gonzales (575) 393-6161 ext 114 or Donna Mull (575) 393-6161 ext 115.

CORRECTIVE ACTION ON THIS WELL DUE BY: 10/05/2011

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

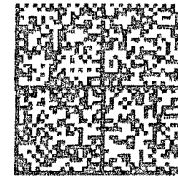
Sincerely,

A handwritten signature in black ink, appearing to read 'E. Gonzales', with a large, stylized initial 'E'.

E.L. Gonzales, Acting Supervisor
OCD Hobbs, District 1

Cc; Jami Bailey, Director, OCD
Daniel Sanchez, OCD Compliance Enforcement Manager
Sonny Swazo, Assistant General Counsel, OCD
Gabrielle Gerholt, Assistant General Counsel, OCD
William Jones, Engineer

EMNRD
OIL CONSERVATION DIVISION
1625 N FRENCH DRIVE
HOBBS NM 88240



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