



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

Susana Martinez
Governor

John H. Bemis
Cabinet Secretary

Jami Bailey
Division Director
Oil Conservation Division

Response Required – Deadline Enclosed

Field Inspection Program

"Preserving the Integrity of the Environment"

10-Nov-11

EVERQUEST ENERGY CORPORATION

10 DESTA DRIVE SUITE 300-E
MIDLAND TX 79705

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.

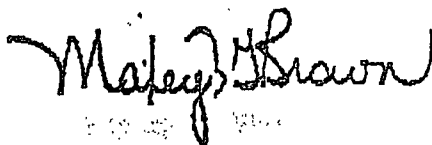
Please notify the proper district office of the Division, in writing, of the date corrective actions are scheduled to be made so that arrangements can be made to reinspect the well and/or facility.

INSPECTION DETAIL SECTION

CLIPPER A STATE No.001				A-16-16S-32E	30-025-25713-00-00		
Inspection Date	Type Inspection	Inspector	Violation?	³ Significant Non-Compliance?	Corrective Action Due By:	Inspection No.	
11/09/2011	Routine/Periodic	Maxey Brown	Yes	No	12/9/2011	iMGB1131339270	
Violations							
Absent Well Identification Signs (Rule 103)							
Comments on Inspection:				RULE 19 15 16.8 NEED TO INSTALL WELL SIGN. THIS IS 2ND LETTER OF NON-COMPLIANCE MGB			
ONEILL STATE No.001				L-16-8S-36E	30-041-10177-00-00		
Inspection Date	Type Inspection	Inspector	Violation?	³ Significant Non-Compliance?	Corrective Action Due By:	Inspection No.	
11/09/2011	Routine/Periodic	Maxey Brown	Yes	No	2/12/2012	iMGB1131351112	
Violations							
Absent Well Identification Signs (Rule 103)							
Idle well (Rule 201)							
Comments on Inspection:				RULE 19 15 16.8 NEED CURRENT OPERATOR ON SIGN. RULE 19 15 25.8. EXPIRED T/A STATUS NEED TO RE-APPLY FOR INJECTION PERMIT OR PA WELL THIS IS 1ST LETTER OF NON-COMPLIANCE MGB			

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,

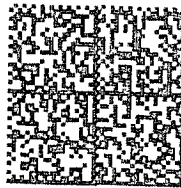


COMPLIANCE OFFICER

Hobbs 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

EMNRD
OIL CONSERVATION DIVISION
1625 N FRENCH DRIVE
HOBBS NM 88240



HASLER
015H14150977
\$0.44
11/10/11
Mailed From 88240
US POSTAGE

EVERQUEST ENERGY CORPORATION
10 DESTA DRIVE SUITE 300-E
MIDLAND TX 79705