

NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

SUSANA MARTINEZ

Governor

John H. Bemis

Cabinet Secretary

Jami Bailey Director

Oil Conservation Division

Response Required - Deadline Enclosed

Field Inspection Program
"Preserving the Integrity of Our Environment"

HOBBS OCD

27-Sep-12

SEP 2 7 2012

CONOCOPHILLIPS COMPANY 3300 N A STREET BLDG 6 #247 MIDLAND TX 79710

RECEIVED

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

| BILBREY 32 STATE COM No.001 | | | | F-32-21S-32E | 30-025-30886-00-00 | |
|-----------------------------|----------------------------|---------------|------------|---------------------------------|---------------------------|----------------|
| Inspection Date | Type Inspection | Inspector | Violation? | *Significant Non-Compliance? | Corrective Action Due By: | Inspection No. |
| 09/26/2012 | Routine/Periodic | Mark Whitaker | Yes | No | 11/30/2012 | iMAW1227033197 |
| | Violations | | | | | |
| | Surface Damage/Restoration | | | | | |

Comments on Inspection:

DO NOT RELEASE BOND. Dry hole marker good. Rule 19.15.25.10 stipulates that within 1 year of plugging the well, restoration should be completed. Need to remove battery and any other equipment associated with this well. Pile of concrete on west side of location will need to be removed. Gas purchaser should be notified to remove any metering equipment associated with well and OCD should be provided copy of the correspondence to purchaser requesting removal on said equipment. 1st notice of non-compliance.

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.

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



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