



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"

30-Oct-12

HOBBS OCD

CHI OPERATING INC

P. O. BOX 1799

MIDLAND TX 79702

OCT 30 2012

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

BISON STATE No.001

L-32-18S-33E

30-025-31583-00-00

Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
10/29/2012	Plugged Well Surface Restor	Maxey Brown	Yes	No	12/1/2013	iMGB1230424858

Comments on Inspection: DO NOT RELEASE. RULE 19.15.25.10. THE FOLLOWING ITEMS MUST BE CORRECTED BEFORE THE LOCATION CAN BE RELEASE: NEED TO REMOVE MAIN ELECTRICAL DISCONNECT FROM ELEC POLE, REMOVE 3 SECONDARY ELEC POLES AND WIRE, IF OPERATOR OWNED OR PROVIDE LETTER OF POWER COMPANY BEING NOTIFIED TO REMOVE, REMOVE SIGN, REMOVE 2" POLY LINES FROM ROADWAY AND CLEANUP OIL SPILLED ON THE GROUND, REMOVE JUNK AND MISC TRASH SCATTERED AROUND LOCATION. MARKER INFORMATION IS CORRECT. THIS IS 1ST LETTER OF NON-COMPLIANCE. MGB.

BISON STATE No.002

K-32-18S-33E

30-025-31697-00-00

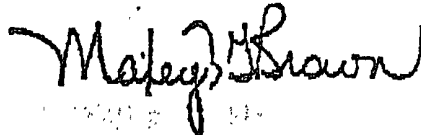
Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
10/29/2012	Plugged Well Surface Restor	Maxey Brown	Yes	No	12/1/2013	iMGB1230425382

Comments on Inspection: DO NOT RELEASE. RULE 19.15.26.10. THE FOLLOWING MUST BE CORRECTED BEFORE THE WELL CAN BE RELEASED: NEED TO REMOVE MAIN DISCONNECT, METER BASE AND RISER, REMOVE WELL SIGN, REMOVE WIRE ROPE THAT RUNS FROM BISON STATE #2 WELL TO THE WEST ALONG ROAD TO THE BISON STATE #1 WELL. MARKER HAS CORRECT INFORMATION. THIS IS 1ST LETTER OF NON-COMPLIANCE. MGB.

OCT 30 2012

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.

Sincerely,



COMPLIANCE OFFICER

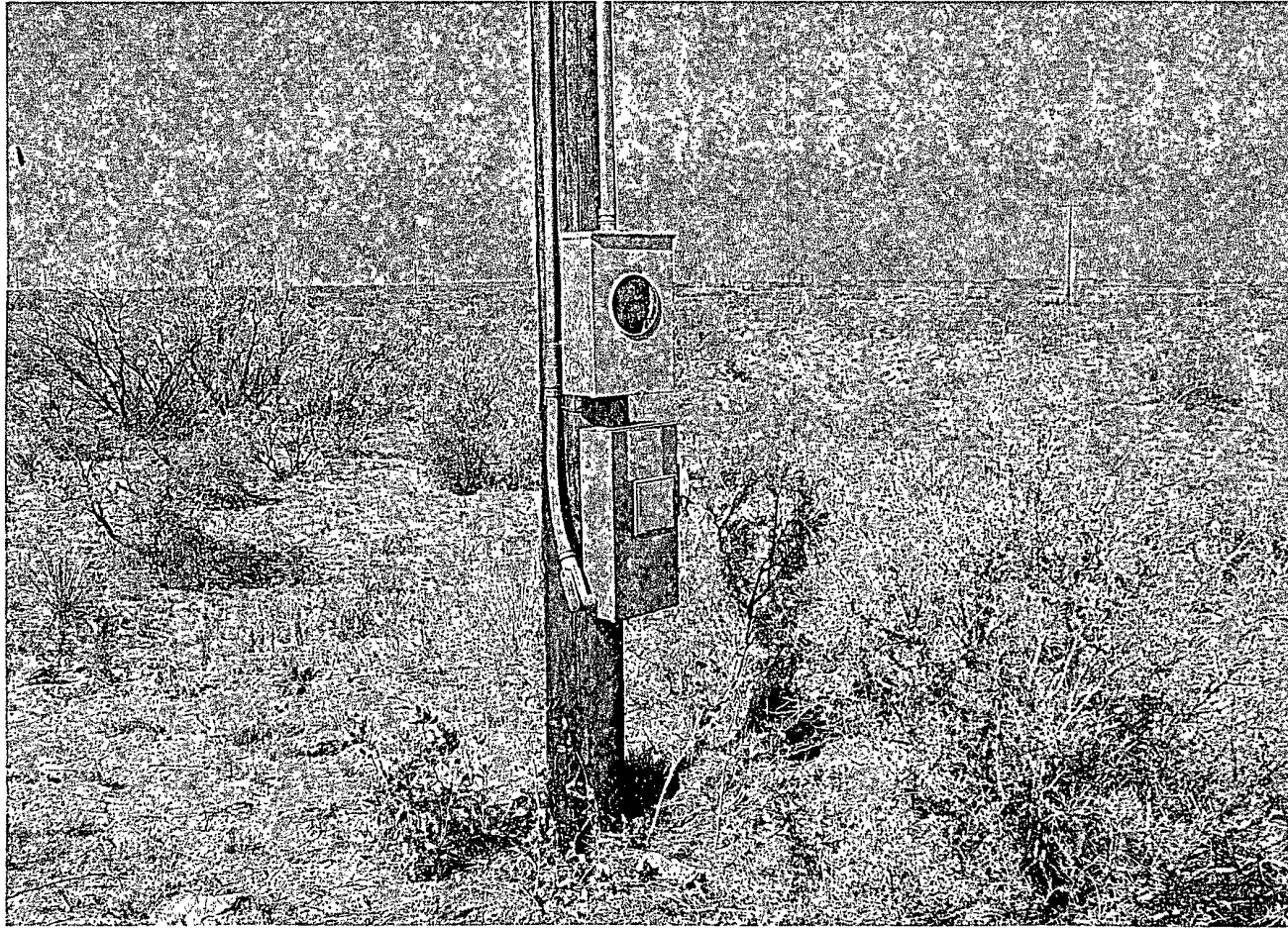
Hobbs OCD District Office

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



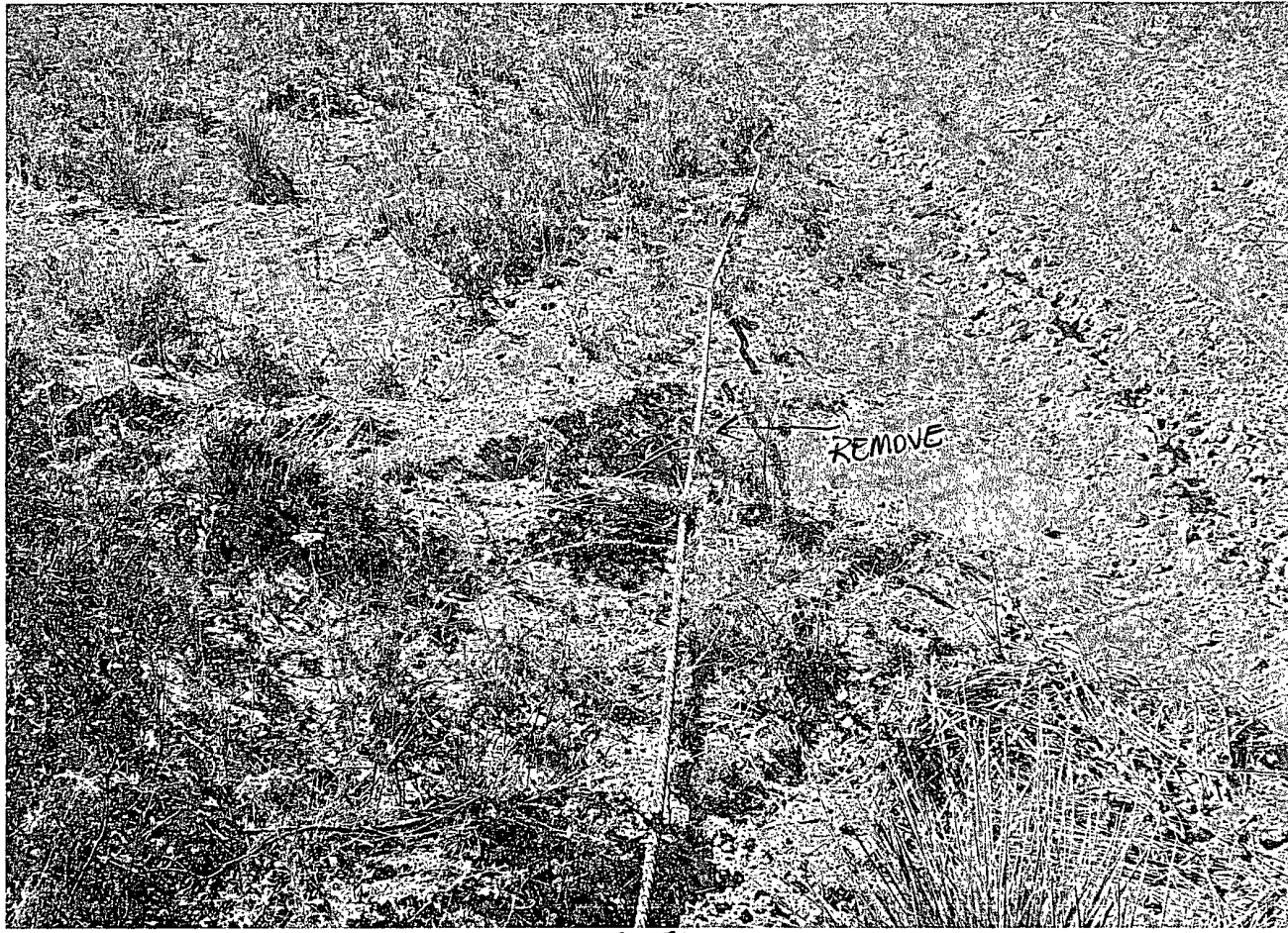
10/29/2012

MAIN DISCONNECT
CONDUIT, METER BASE



BISON STATE # 2

5" WIRE ROPE



EAST ↓

WEST ↑

REMOVE

CHI BISON STATE # 2

30-025-31697

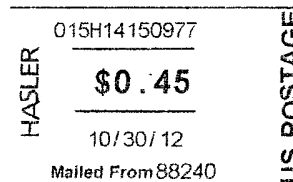
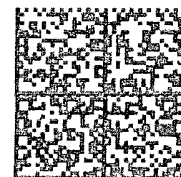


BISON STATE #1
MISC. WUNK & TRASH



BISON STATE #1
2" DIA. & 10" STAIN 10/20/2011

EMNRD
OIL CONSERVATION DIVISION
1625 N FRENCH DRIVE
HOBBS NM 88240



US POSTAGE

CHI OPERATING INC
P.O. BOX 1799
MIDLAND, TX 79702-