



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

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July 8, 2005

Reference: Hollis 003 E-36-16s-29e API: 30-015-02823
 Hollis 002 K-36-16s-29e API: 30-015-02820
 Tank Battery located in Unit K-36-16s-29e

Operator,

A site inspection and review of records indicate the following discrepancies at the well and tank battery sites listed above: On 1/27/2005, violations were opened on the Hollis 003 for violation of Rule 103 (Well Signs) and Rule 201 (Idle Well). Compliance for these violations was due by 5/2/2005. The inspection performed on 7/7/2005 indicates no action has been taken to bring well into compliance with these violations. A records check shows production is being reported for this well. Please contact this office with information as to method of production for this well along with explanation of non-compliance for the violation of Rule 103.

A review of inspection records for the Hollis 002 indicates this well had an open production pit as late as 3/2/2004. Please provide information as to when this pit was closed along with methods of closure and any soil sample analysis that may have been performed. Also provide any documentation you may have regarding OCD approval for closure of this pit.

The tank battery near the Hollis 002 has had a release of produced fluids inside the berm area and an area approximately 75 ft x 75 ft just south of the tank battery. Please provide the following in regards to this release:

A form C-141 Release Report

A remediation action work plan based on NMOCD Rules, Regulations and Guidelines and based on delineation of extent and type of contamination.

Please have this information available to the NMOCD District 2 office no later than July 29, 2005.

Failure to respond to this request will result in further enforcement action.

Sincerely,

Mike Bratcher

NMOCD District 2

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