



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"

25-Jan-13

HOBBS OCD

JAN 28 2013

RECEIVED

PRIMERO OPERATING INC

PO BOX 1433

ROSWELL NM 88202

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

EIDSON No.001

J-26-16S-35E

30-025-21185-00-00

| Inspection Date | Type Inspection | Inspector | Violation? | *Significant Non-Compliance? | Corrective Action Due By: | Inspection No. |
|---|------------------|-------------|------------|------------------------------|---------------------------|----------------|
| 01/25/2013 | Routine/Periodic | Maxey Brown | Yes | No | 4/30/2013 | iMGB1302540109 |
| Violations | | | | | | |
| Surface Leaks/Spills | | | | | | |
| General Housekeeping (Rule 114) | | | | | | |
| Comments on Inspection: | | | | | | |
| RULE 19.15.29.8. PRODUCED WATER TANK IS LEAKING FROM PATCH AT BOTTOM EDGE OF TANK. NEED TO REPAIR OR REPLACE TANK. CONTACT GEOFFREY LEKING, OCD, HOBBS DISTRICT 1 OFFICE, 575-393-6161 EXT 113, FOR APPROVED CLEANUP PLAN. ALSO NORTH OIL TANK HAS FRESH OIL UNDER LOADLINE VALVE NEXT TO TANK. NEED TO REMOVE SURPLUS EQUIPMENT (HEATER TREATER, PIECE OF FIRE TUBE, MISC JUNK). THIS IS 1ST LETTER 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 Division Examiner in Santa Fe to show cause why you should not be ordered to permanently plug and abandon this well.

PHOTOS ENCLOSED

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.

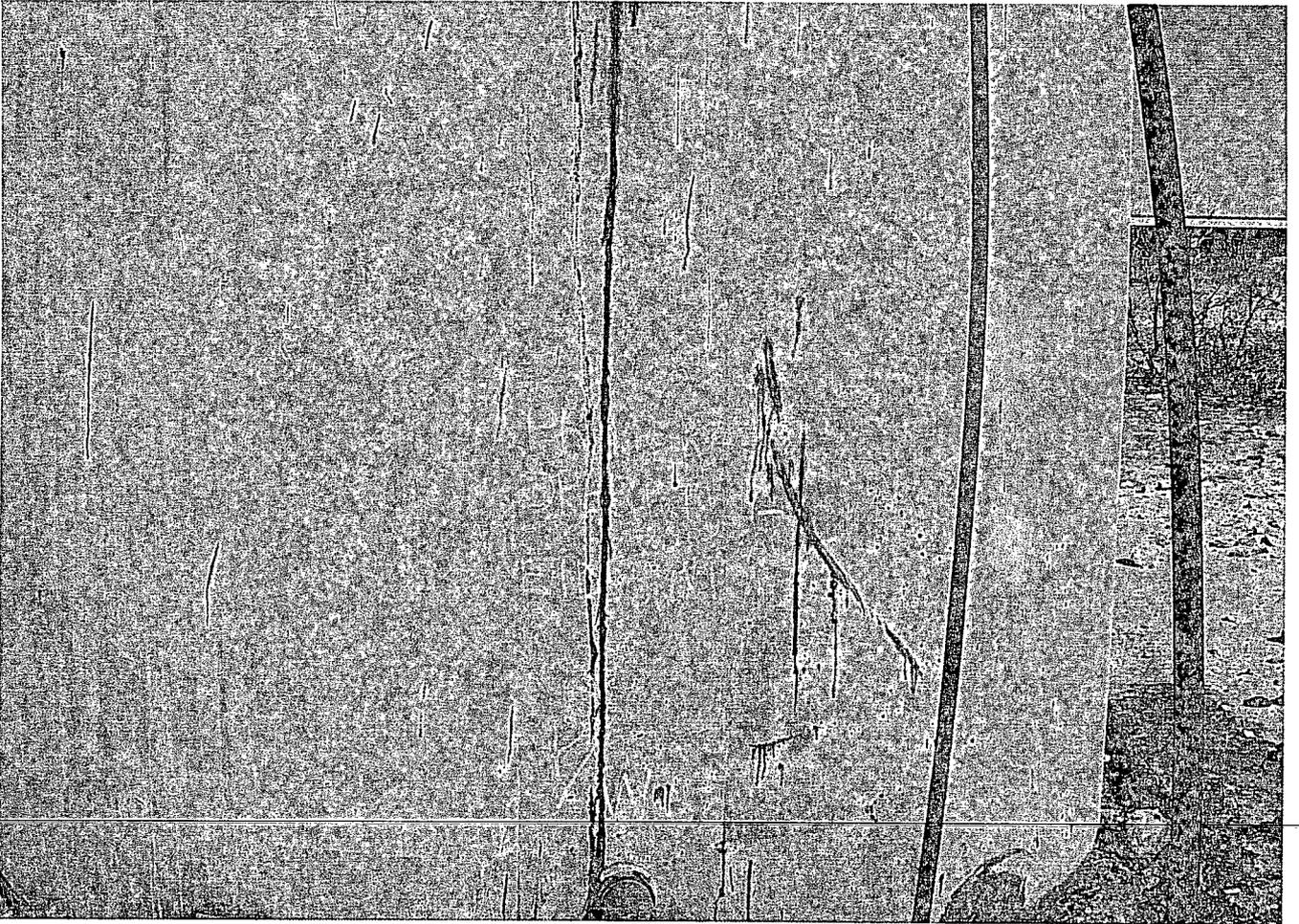
1/25/2013



NORTH OIL TANK

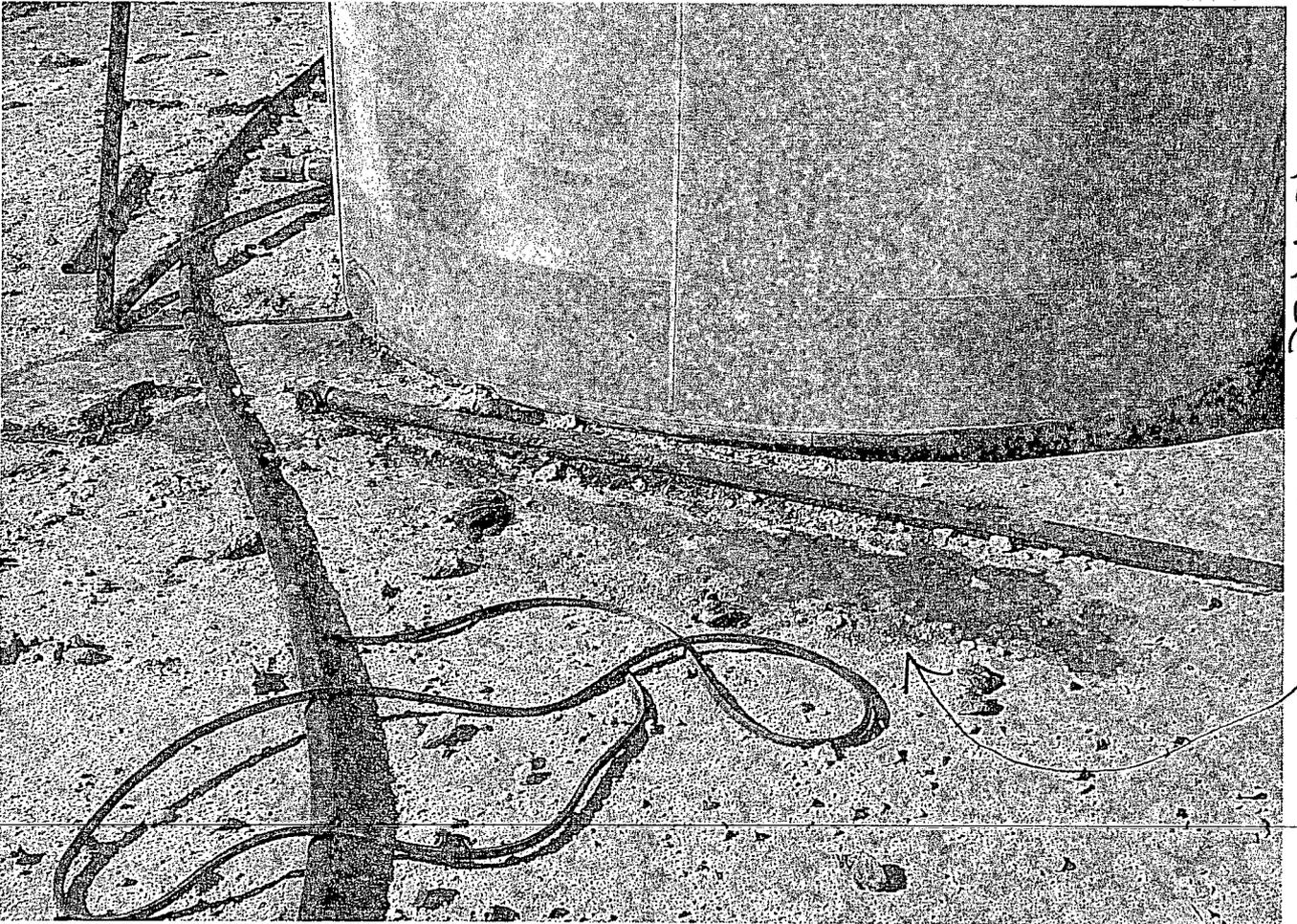


NORTH OIL TANK

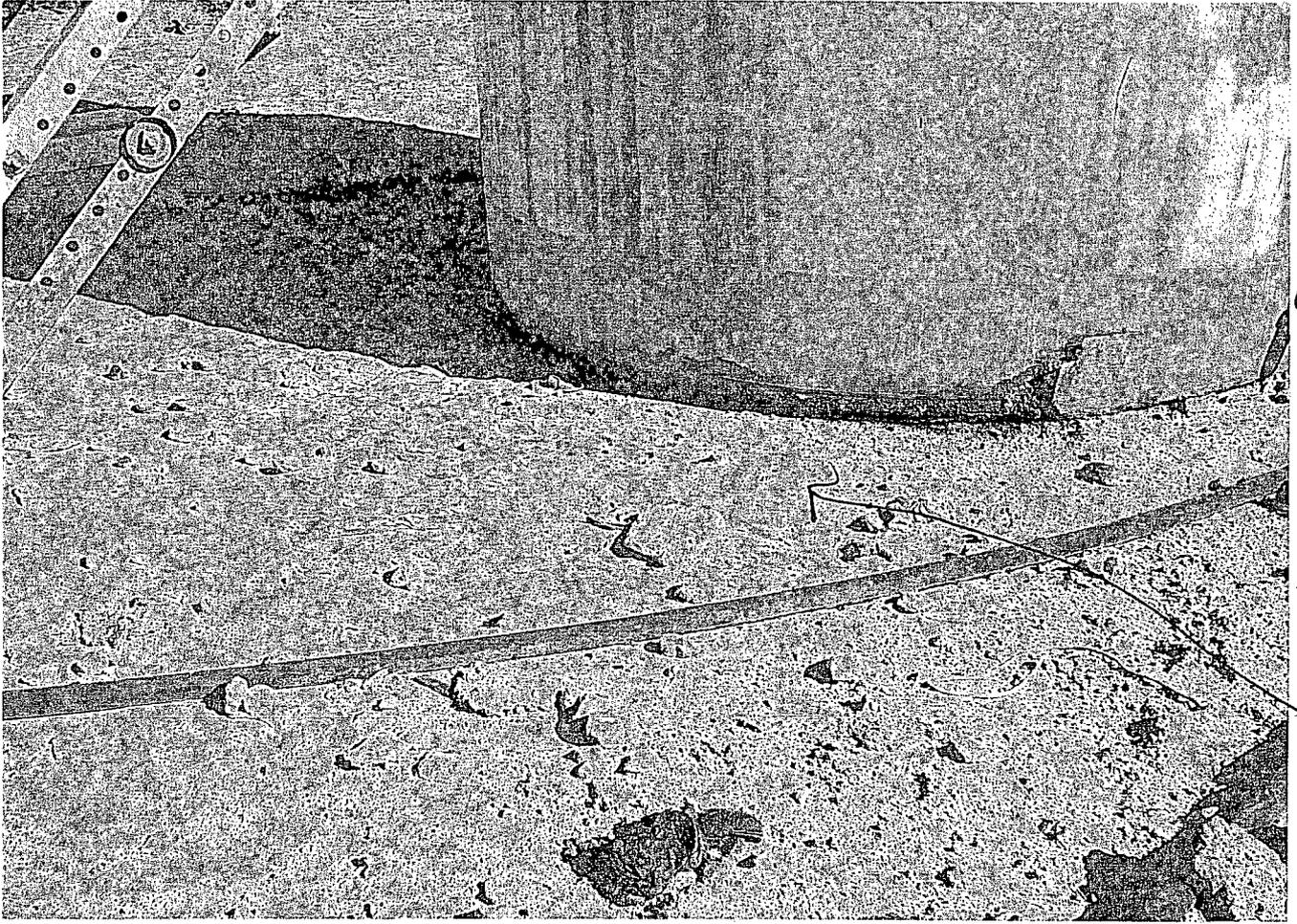




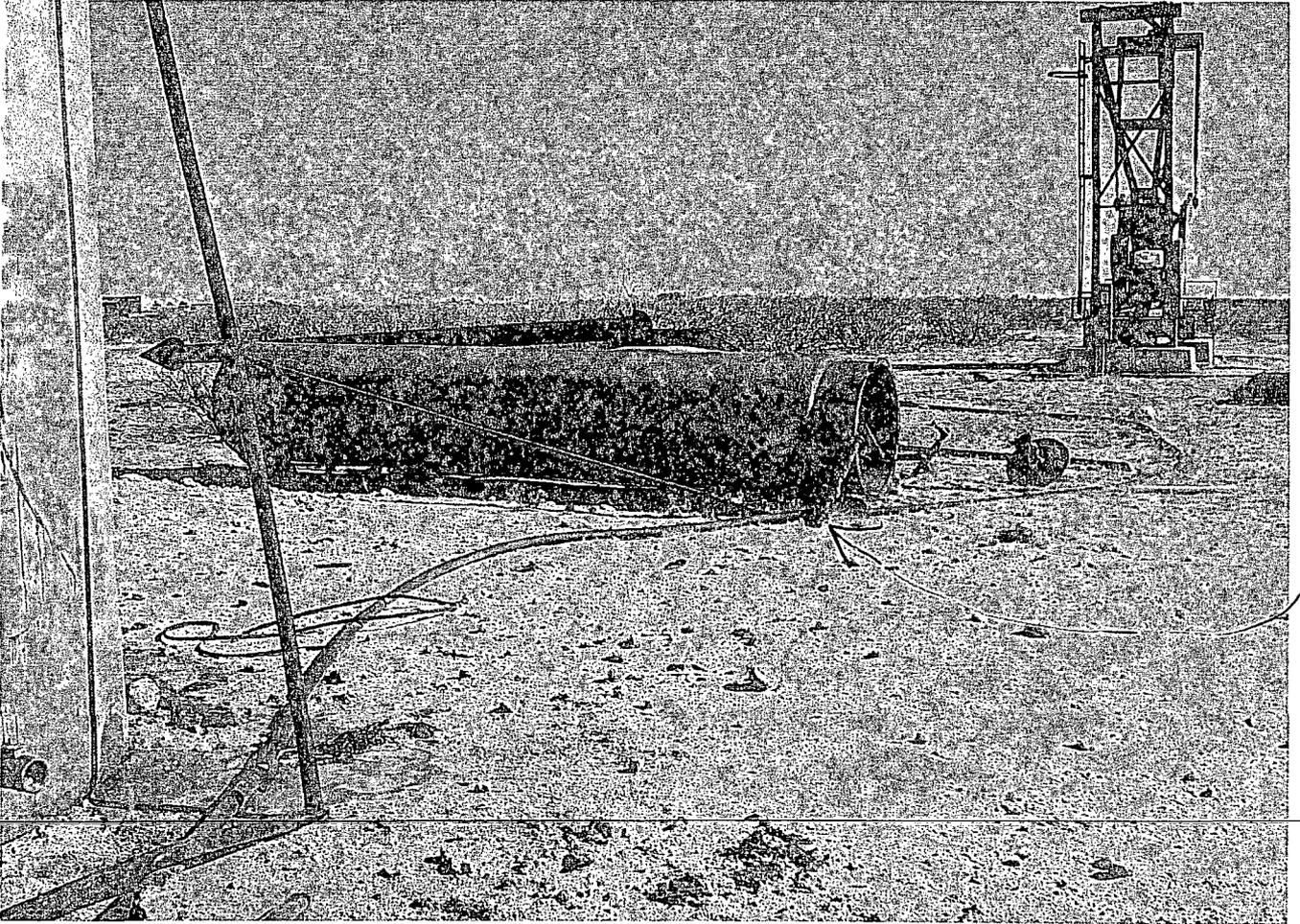
P/W TANK PATCH LEAKING



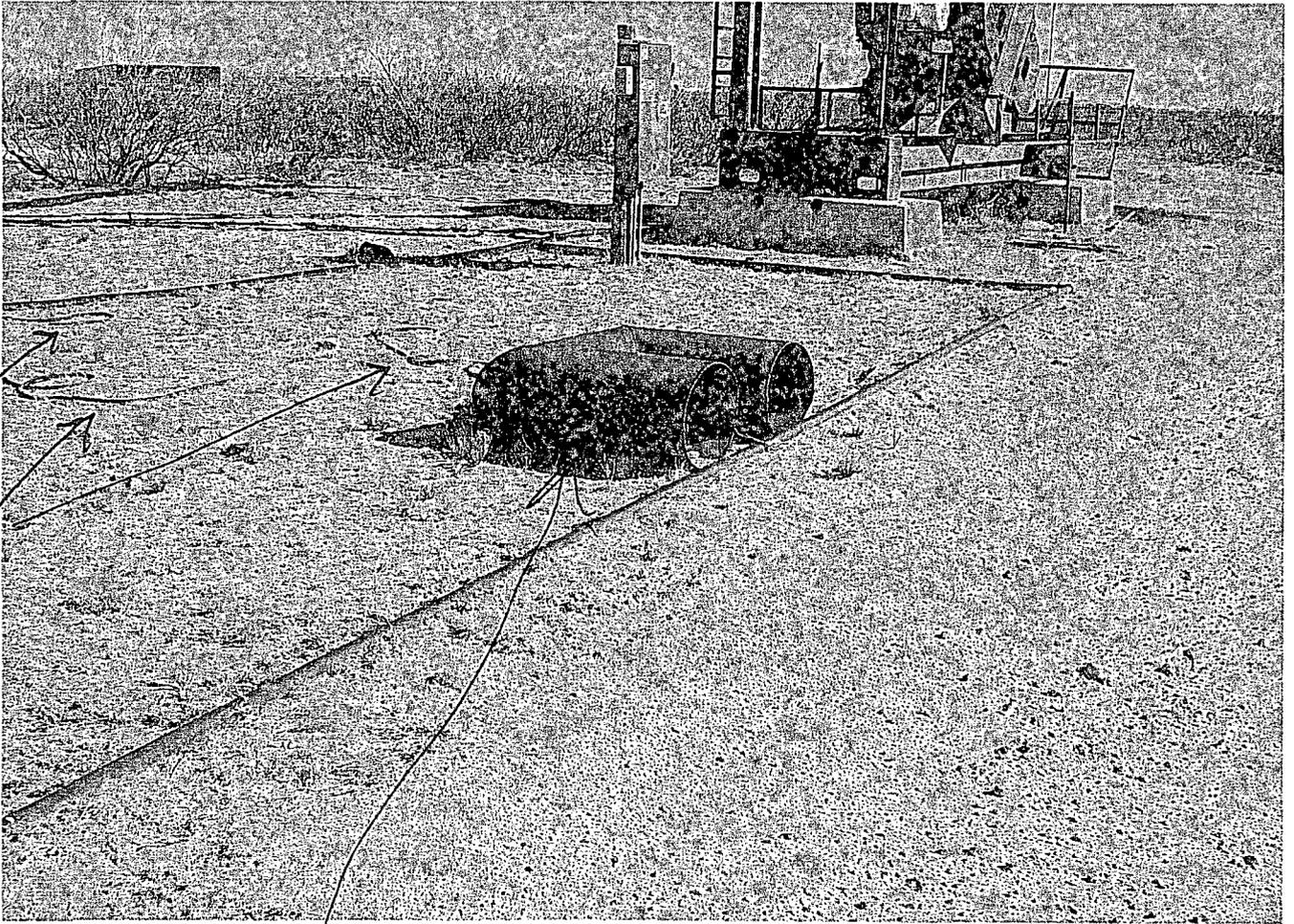
STANDING PRODUCED WATER



WESTSIDE OF P/W TANK
DAMP.



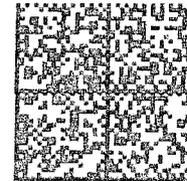
SURPLUS TREATER



MISC
JUNK

PART OF FIRE TUBE

EMNRD
OIL CONSERVATION DIVISION
1625 N FRENCH DRIVE
HOBBS NM 88240



| | | |
|--------|-------------------|------------|
| HASLER | 015H14150977 | US POSTAGE |
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| | 01/25/13 | |
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PRIMERO OPERATING INC
PO BOX 1433
ROSWELL, NM 88202