



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

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Director

Oil Conservation Division

Field Inspection Program

"Preserving the Integrity of Our Environment"

29-Sep-06

READ & STEVENS INC

PO BOX 1518

ROSWELL NM 88201

LETTER OF VIOLATION - Inspection

LOV. NO. 020660

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

BANDIT STATE SWD No.001

F-10-23S-26E

30-015-21071-00-00

Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
09/29/2006	File and Compliance Review	Gerry Guye	Yes	No	10/30/2006	iGEG0627235101

Comments on Inspection: Form C-103 received indicating perforation of zone for injection. AUTHORITY TO INJECT IS DENIED. Rule 704 requires "...Prior to commencement of injection and any time tubing is pulled or the packer is reseated, wells shall be tested to assure the integrity of the casing and the tubing and packer, if used, including pressure testing of the casing-tubing annulus to a minimum of 300 psi for 30 minutes or such other pressure and/or time as may be approved by the appropriate district supervisor. A pressure recorder shall be used and copies of the chart shall be submitted to the appropriate division district office within 30 days following the test date. Rule 704 further requires "...The injection well operator shall advise the division of the date and time any initial, five-year, or special tests are to be commenced in order that such tests may be witnessed."

This well must be shut in pending receipt by this office of a witnessed MIT pressure recorder chart and Form C-103.

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,



Artesia 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.