

NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

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Director

Oil Conservation Division

Field Inspection Program
"Preserving the Integrity of Our Unvironment"

10-Dec-07

CHEVRON U S A INC HCR 60 BOX 423 LOVINGTON NM 88260

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

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D-35-24S-37E

30-025-35991-00-00

Inspection Date

Type Inspection

Inspector

Violation?

*Significant Non-Compliance? Corrective Action Due By:

Inspection No.

12/07/2007 Routine/Periodic

Buddy Hill

Yes

No

3/11/2008

iLWH0734148453

Violations

Emergency/Temporary Pits

Comments on Inspection: Drilling

Drilling Pit Open,, NOT FENCED OR LINED,, DRILL PITS NEED TO BE CLOSED PER

NMOCD RULE 50..FIRST NOTICE

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. Such a hearing may result in imposition of CIVIL PENALTIES for your violation of OCD rules.

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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