



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

Response Required – Deadline Enclosed

Field Inspection Program

"Preserving the Integrity of Our Environment"

06-Mar-08

CHESAPEAKE OPERATING, INC.

PO Box 190

HOBBS NM 88241

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

STATE C No.001

K-11-19S-34E

30-025-23031-00-00

Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
03/05/2008	Routine/Periodic	Mark Whitaker	Yes	No	4/9/2008	iMAW0806552168
Violations Absent Well Identification Signs (Rule 103)						
Comments on Inspection: Well sign not legible (see Rule 103). NEED TO REPLACE WELL SIGN. 1st letter of non-compliance. MW						

QUAIL STATE No.002

J-11-19S-34E

30-025-25868-00-00

Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
03/05/2008	Routine/Periodic	Mark Whitaker	Yes	No	4/30/2008	iMAW0806549755
Violations General Housekeeping (Rule 114)						
Comments on Inspection: Contaminated soil and chemical drums at wellhead. NEED TO REMOVE DRUMS, WOODEN SEALS, TRASH AND CONTAMINATED SOIL AND DISPOSE OF PROPERLY. 1st letter of non-compliance. MW						

QUAIL STATE No.003Y

I-11-19S-34E

30-025-26221-00-00

Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
03/05/2008	Routine/Periodic	Mark Whitaker	Yes	No	3/13/2008	iMAW0806551770
Comments on Inspection: Location and equipment OK. No belts on PU. Valve on annulus open and gas is venting (SEE Rule 19.15.1.13 & 19.15.5.306). VIOLATION OF THIS RULE COULD RESULT IN SUPENSION OF ALLOWABLE ASSIGNED TO THIS WELL. VALVE NEEDS TO BE CLOSED IMMEDIATELY. MW						

WAINOCO STATE No.002

H-11-19S-34E

30-025-26348-00-00

Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
03/05/2008	Routine/Periodic	Mark Whitaker	Yes	No	4/9/2008	iMAW0806550323
Violations Absent Well Identification Signs (Rule 103)						
Comments on Inspection: Location and equipment OK. PU running. Well sign not legible (see Rule 103). NEED TO REPLACE WELL SIGN. 1st letter of non-compliance. MW						

WAINOCO STATE No.003

A-11-19S-34E

30-025-26707-00-00

Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
03/05/2008	Routine/Periodic	Mark Whitaker	Yes	No	4/30/2008	iMAW0806550959
Violations Absent Well Identification Signs (Rule 103)						
Comments on Inspection: Well sign not legible (see Rule 103). NEED TO REPLACE WELL SIGN. ALSO STUFFING BOX HAS BEEN LEAKING. REMOVE AND PROPERLY DISPOSE OF CONTAMINATED SOIL. 1st letter of non-compliance. MW						

QUAIL STATE No.006

N-11-19S-34E

30-025-26853-00-00

Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
03/05/2008	Routine/Periodic	Mark Whitaker	Yes	No	4/9/2008	iMAW0806547932
Violations Absent Well Identification Signs (Rule 103)						
Comments on Inspection: Well sign not legible (see Rule 103). NEED TO REPLACE WELL SIGN. 1st letter of non-compliance. MW						

QUAIL STATE No.007

M-11-19S-34E

30-025-27096-00-00

Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
03/05/2008	Routine/Periodic	Mark Whitaker	Yes	No	5/9/2008	iMAW0806547526
Violations Idle well (Rule 201)						
Comments on Inspection: T/A status has expired. NEED TO T/A, PLUG, OR RETURN TO PRODUCTION. 1st letter of non-compliance. MW						

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.

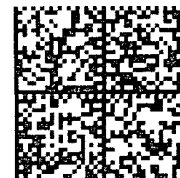
Sincerely,


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



HASLER
014H15215335
\$0.410
03/06/2008
Mailed From 88240
US POSTAGE

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PO BOX 190
HOBBS, NM 88241