

NEW MEXICO ENERGY, MINERALS 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

NADEL AND GUSSMAN PERMIAN, LLC 601 N MARIENFELD SUITE 508

MIDLAND TX 79701

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.

INSPEC	CTION	DETAIL	SECTION
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TONTO 15 STATE No.001

I-15-18S-34E

30-025-28897-00-00

Inspection

Type Inspection

Inspector

*Significant Violation?

Corrective

Inspection No.

Date 03/05/2008

Routine/Periodic

Mark Whitaker

Non-Compliance? Yes

Action Due By: 4/9/2008

iMAW0806537672

Violations

Absent Well Identification Signs (Rule 103)

Comments on Inspection:

Location needs attention. Equipment OK. Well sign incorrect. Should be 990' FEL. PLEASE CORRECT FOOTAGE ON WELL SIGN. IF REPLACING, SEE RULE 103 TO INSURE ALL

REQUIRED INFORMATION IS ADDED TO NEW SIGN. MW

TONTO 14 STATE No.003

E-14-18S-34E

30-025-29766-00-00

Inspection Date

Type Inspection

Inspector

Violation?

*Significant Non-Compliance?

No

Corrective Action Due By:

Inspection No.

03/05/2008

Routine/Periodic

Mark Whitaker

Yes

4/9/2008

iMAW0806538475

Violations

Absent Well Identification Signs (Rule 103)

Comments on Inspection:

No change in well status. Well shut-in. Location OK. Operator on well sign not legible. OPERATOR OF RECORD NEEDS TO BE LEGIBLE ON SIGN, IF REPLACING SIGN

PLEASE SEE RULE 103 TO INSURE ALL REQUIRED INFORMATION IS ADDED TO NEW

SIGN. 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 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



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

NADEL AND GUSSMAN PERMIAN, LLC 601 N MARIENFELD SUITE 508 MIDLAND, TX 79701