



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"

09-Apr-08

MANHATTAN PETROLEUM INC

PO BOX 35888

TULSA OK 74153

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

CAUDILL 33 No.001

M-33-14S-36E

30-025-37804-00-00

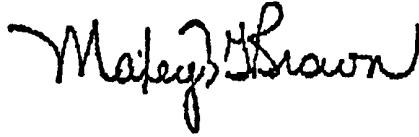
| Inspection Date | Type Inspection | Inspector | Violation? | *Significant Non-Compliance? | Corrective Action Due By: | Inspection No. |
|-----------------|---|-------------|------------|------------------------------|---------------------------|----------------|
| 04/09/2008 | Routine/Periodic | Maxey Brown | Yes | No | 5/13/2008 | iMGB0810040050 |
| | Violations | | | | | |
| | Emergency/Temporary Pits | | | | | |
| | Failure to submit proper documentation (Rul | | | | | |

Comments on Inspection:

DRILLING PITS ARE NOT CLOSED. RULE 50. PITS HAVE BEEN PARTIALLY CLOSED. NEED TO FINISH CLOSING PITS AS INDICATED ON C-144 ADDITIONAL COMMENTS SUBMITTED AND APPROVED 11-7-2007. 2ND LETTER OF NON-COMPLIANCE. ALSO NEED TO SUBMIT COMPLETED C-105 WITH WELL LOGS AND DEVIATION SURVEY. 1ST LETTER OF NON-COMPLIANCE ON C-105,

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,



Hobbs OCD District Office

COMPLIANCE OFFICER

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 | US POSTAGE |
| | \$0.41 | |
| | 04/09/2008 | |
| | Mailed From 88240 | |

MANHATTAN PETROLEUM INC
PO BOX 35888
TULSA OK 74153

District I
1625 N French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources

Form C-144
June 1, 2004

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

For drilling and production facilities, submit to appropriate NMOCD District Office.
For downstream facilities, submit to Santa Fe office

Pit or Below-Grade Tank Registration or Closure

Is pit or below-grade tank covered by a "general plan"? Yes ☐ No ☐

Type of action Registration of a pit or below-grade tank ☐ Closure of a pit or below-grade tank ☒

| | | |
|--|---|-------------|
| Operator: <u>MANHATTAN PETROLEUM INC</u> Telephone <u>432-685-3933</u> e-mail address: _____ | | |
| Address <u>110 W. LOUISIANA STE. 405 MIDLAND, TX 79701</u> | | |
| Facility or well name: <u>CAUDILL 33 STATE #1</u> API #: <u>30-025-37804</u> U/L or Qtr/Qtr <u>M</u> Sec <u>33</u> T <u>14S</u> R <u>36E</u> | | |
| County <u>LEA</u> Latitude <u>N 33° 22' 86"</u> Longitude <u>W 103° 18' 98.2"</u> NAD 1927 <input type="checkbox"/> 1983 <input checked="" type="checkbox"/> | | |
| Surface Owner Federal <input type="checkbox"/> State <input type="checkbox"/> Private <input checked="" type="checkbox"/> Indian <input type="checkbox"/> | | |
| Pit Type: Drilling <input checked="" type="checkbox"/> Production <input type="checkbox"/> Disposal <input type="checkbox"/> Workover <input type="checkbox"/> Emergency <input type="checkbox"/> Lined <input checked="" type="checkbox"/> Unlined <input type="checkbox"/> Liner type Synthetic <input type="checkbox"/> Thickness <u>12</u> mil Clay <input type="checkbox"/> Pit Volume <u>5,000</u> bbl | | |
| Below-grade tank Volume: _____ bbl Type of fluid: _____ Construction material: _____ Double-walled, with leak detection? Yes <input type="checkbox"/> If not, explain why not: _____ | | |
| Depth to ground water (vertical distance from bottom of pit to seasonal high water elevation of ground water.) | Less than 50 feet | (20 points) |
| | 50 feet or more, but less than 100 feet | (10 points) |
| | 100 feet or more | (0 points) |
| Wellhead protection area: (Less than 200 feet from a private domestic water source, or less than 1000 feet from all other water sources.) | Yes | (20 points) |
| | No | (0 points) |
| Distance to surface water: (horizontal distance to all wetlands, playas, irrigation canals, ditches, and perennial and ephemeral watercourses) | Less than 200 feet | (20 points) |
| | 200 feet or more, but less than 1000 feet | (10 points) |
| | 1000 feet or more | (0 points) |
| Ranking Score (Total Points) | | <u>30</u> |

If this is a pit closure: (1) Attach a diagram of the facility showing the pit's relationship to other equipment and tanks. (2) Indicate disposal location: (check the onsite box if you are burying in place) onsite ☐ offsite ☒ If offsite, name of facility SUNDANCE. (3) Attach a general description of remedial action taken including remediation start date and end date (4) Groundwater encountered No ☐ Yes ☐ If yes, show depth below ground surface _____ ft and attach sample results. (5) Attach soil sample results and a diagram of sample locations and excavations.

| |
|--|
| Additional Comments: |
| <u>EXCAVATE, LOAD AND HAUL PIT CONTENTS TO SUNDANCE LANDFILL, PIT BOTTOM WILL BE TESTED BY LAB. IF CONTAMINATION IS CONFIRMED FURTHER REMEDIATION WILL BE CONDUCTED ACCORDING TO GUIDELINES. BACKFILL & CONTOUR WITH 3' OF SOIL OR LIKE MATERIAL CAPABLE OF SUPPORTING NATIVE PLANT GROWTH TO PREVENT EROSION AND PONDING OF RAINWATER</u> |

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that the above-described pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines ☒, a general permit ☐, or an (attached) alternative OCD-approved plan ☐.

Date: 11-6-07

Printed Name/Title: JEFF RAINES / AGENT

Signature: [Signature]

Your certification and NMOCD approval of this application/closure does not relieve the operator of liability should the contents of the pit or tank contaminate ground water or otherwise endanger public health or the environment. Nor does it relieve the operator of its responsibility for compliance with any other federal, state, or local laws and/or regulations.

Approval:

Printed Name/Title: _____

Signature: [Signature]

ENVIRONMENTAL ENGINEER

Date: 11-7-07

PLEASE! CLOSED AS SUBMITTED
MJB
4/9/2008