

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"

05-Jun-08

ENHANCED OIL RESOURCES INC. 200 N. LORAINE, STE. 1440 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.

			INSPECTIO	N DETAIL	L SECTION		
HALEY CH Inspection Date	IAVEROO SA Type Inspection		Inspector	Violation?	H-3-8S-33E *Significant Non-Compliance?	30-005-10467-00-0 Corrective Action Due By:	Inspection No.
06/03/2008	Pressure Test		Sylvia Dickey	Yes	No	9/6/2008	iSAD0815547290
Comments	on Inspection:	SHOWS OIL W		OKAY; NEI		LL; NOT ON LIST RE PE OF WELL CHECK	
HALEY CH	IAVEROO SA	UNIT No.035			F-3-8S-33E	30-005-10490-00-0	00
Inspection Date	Type Inspection	1	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
06/03/2008	Pressure Test		Sylvia Dickey	Yes	No	9/6/2008	iSAD0815545602
Comments	on Inspection:	CHAD MOHON	ON LOCATION;	WILL PRES	SURE TEST LATER:		
HALEY CHAVEROO SA UNIT No Inspection				*** 1	J-3-8S-33E *Significant	30-005-10541-00-0 Corrective	. •
Date	Type Inspection		Inspector	Violation?	Non-Compliance?	Action Due By:	Inspection No.
06/03/2008	Pressure Test		Sylvia Dickey	Yes	No	9/6/2008	iSAD0815546482
Comments	on Inspection:	RBDMS SHOW	S AS OIL ON TYI CASING; NEEDS	PE OFWELL;	ONNECTED AS AN I SHUT IN AT THIS ES; CHECK FOR PA	ΓΙΜΕ; CANNOT	

HALEY CH Inspection Date 06/03/2008	AVEROO SA Type Inspection Pressure Test	UNIT No.042	Inspector Sylvia Dickey	Violation? Yes	P-3-8S-33E *Significant Non-Compliance? No	30-005-10551-00-00 Corrective Action Due By: 9/6/2008	Inspection No.
Comments o	n Inspection:	CHAD MOHON	ON LOCATION; N	OT CONNE	CTED NO ACTIVIT	Y; NO PRESSURE TI	EST;
HALEY CH	AVEROO SA	UNIT No.014	Inspector	Violation?	F-33-7S-33E *Significant Non-Compliance?	30-041-10137-00-0 Corrective Action Due By:	0 Inspection No.
06/03/2008	Pressure Test		Sylvia Dickey	Yes	No	9/6/2008	iSAD0815542864
Comments of		CHAD MOHON NOT CORRECT		NOT CONNE	ECTED NO PRESSUI	RE TEST; WELLSIGN	1
Inspection Date 06/03/2008	AVEROO SA Type Inspection Pressure Test on Inspection:		Inspector Sylvia Dickey ON LOCATION; I	Violation? Yes FAILURE TO	J-33-7S-33E *Significant Non-Compliance? No REPAIR PREVIOU		Inspection No. iSAD0815538915
HALEY CH	IAVEROO SA	UNIT No.016			L-33-7S-33E *Significant	30-041-10146-00-0 Corrective	0
Date	Type Inspection		Inspector	Violation?	Non-Compliance?	Action Due By:	Inspection No.
06/03/2008	Pressure Test		Sylvia Dickey	Yes	No	3, 6, 2000	iSAD0815542040
Comments	on Inspection:	WELL INACTIV LOCATION; FA	VE NOT CONNECT LILURE TO REPAI	FED; NO PR R PREVIOU	ESSURE TEST;CHA S VIOLATION;	D MOHON ON	
HALEY CH	IAVEROO SA	UNIT No.025			N-33-7S-33E	30-041-10164-00-0	00
Inspection Date	Type Inspection		Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
06/03/2008	Pressure Test		Sylvia Dickey	Yes	No	9/6/2008	iSAD0815541507
Comments	on Inspection:	CHAD MOHON VIOLATION;	ON LOCATION;	BHI OKAY:	; FAILURE TO REPA		
HALEY CH	IAVEROO SA	UNIT No.001	 -		D-33-7S-33E	30-041-10174-00-0	00
Inspection Date	Type Inspection	1	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
06/03/2008	Pressure Test		Sylvia Dickey	Yes	No	9/6/2008	iSAD0815537735
	on Inspection:	NO PRESSURE	•	O REPAIR	PREVIOUS VIOLAT	ION	
Inspection	HAVEROO SA		To an action	Violation?	L-34-7S-33E *Significant	30-041-10213-00-0 Corrective	00 Inspection No.
Date	Type Inspection	l	Inspector Sylvia Dickey	Yes	Non-Compliance? No	Action Due By: 9/6/2008	iSAD0815543399
06/03/2008 Comments	Pressure Test on Inspection:		•	NO PRESSU		INACTIVE; FAILURI	
UALEV CI	HAVEROO SA			.,	D-34-7S-33E	30-041-10218-00-	00
Inspection Date	Type Inspection		Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
06/04/2008	Pressure Test		Sylvia Dickey	Yes	No	9/7/2008	iSAD0815641353
Comments	on Inspection:		NG PROBLEM DII AILURE TO REPA		S ANNUAL TEST;CH US VIOLATION;	IAD MOHON ON	
Inspection	HAVEROO SA		Inspector	Violation?	J-34-7S-33E *Significant Non-Compliance?	30-041-10232-00- Corrective Action Due By:	00 Inspection No.
Date 06/05/2008	Pressure Test		Sylvia Dickey	Yes	Non-compliance:	9/8/2008	iSAD0815740212
	on Inspection:		ALVES UNABLE			2. 3. 2 0 0 0	
Comments	on mapeenon.	TO CASINO V	TETES ORADLE				· · · · · · · · · · · · · · · · · · ·

HALEY CH Inspection Date	[AVEROO SA Type Inspection		Inspector	Violation?	B-34-7S-33E *Significant Non-Compliance?	30-041-10243-00-0 Corrective Action Due By:	00 Inspection No.
06/05/2008	Pressure Test		Sylvia Dickey	Yes	No	9/8/2008	iSAD0815738004
Comments	on Inspection:	TO P&A, TA OF		N ACTIVE S	STATUS;CHAD MOI	IR; OPERATOR NEE HON ON LOCATION	
HALEY CH	IAVEROO SA	UNIT No.008			H-34-7S-33E	30-041-10413-00-0	00
Inspection Date	Type Inspection		Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
06/05/2008	Pressure Test		Sylvia Dickey	Yes	No	9/8/2008	iSAD0815737668
C	I	NO CHAPT AT	THE TIME WELL	I IC DICCON	NICOTED NICED TO	\ T. D OD DI . O	n
		BACK ON INJE VIOLATION;				O TA, P&A OR PLAC E TO REPAIR PREVI	
HALEY CH	on Inspection: IAVEROO SA	BACK ON INJE VIOLATION;			OCATION; FAILURI P-34-7S-33E	E TO REPAIR PREVI 30-041-10421-00-0	OUS
		BACK ON INJE VIOLATION; UNIT No.031			OCATION; FAILURI	E TO REPAIR PREVI	OUS
HALEY CH	IAVEROO SA	BACK ON INJE VIOLATION; UNIT No.031	CTION;CHAD MO	OHON ON LO	OCATION; FAILURI P-34-7S-33E *Significant	E TO REPAIR PREVI	OUS Inspection No.
HALEY CH Inspection Date 06/05/2008	IAVEROO SA	BACK ON INJE VIOLATION; UNIT No.031	Inspector Sylvia Dickey ORMED NO CHA	Violation?	P-34-7S-33E *Significant Non-Compliance?	E TO REPAIR PREVI 30-041-10421-00-0 Corrective Action Due By:	OUS Inspection No. iSAD0815740561
HALEY CH Inspection Date 06/05/2008 Comments of	IAVEROO SA Type Inspection Pressure Test	BACK ON INJE VIOLATION; UNIT No.031 NO TEST PERF BACK ON ACT	Inspector Sylvia Dickey ORMED NO CHA	Violation?	P-34-7S-33E *Significant Non-Compliance?	30-041-10421-00-0 Corrective Action Due By: 9/8/2008	Inspection No. iSAD0815740561 LACE
HALEY CH Inspection Date 06/05/2008 Comments of	IAVEROO SA Type Inspection Pressure Test on Inspection:	BACK ON INJE VIOLATION; UNIT No.031 NO TEST PERF BACK ON ACT SA UNIT No.0	Inspector Sylvia Dickey ORMED NO CHA	Violation?	P-34-7S-33E *Significant Non-Compliance? No ATUS OF WELL; NE	30-041-10421-00-6 Corrective Action Due By: 9/8/2008 ED TO TA, PA OR PI	Inspection No. iSAD0815740561 LACE
HALEY CH Inspection Date 06/05/2008 Comments of	IAVEROO SA Type Inspection Pressure Test on Inspection: CHAVEROO	BACK ON INJE VIOLATION; UNIT No.031 NO TEST PERF BACK ON ACT SA UNIT No.0	Inspector Sylvia Dickey ORMED NO CHA IVE STATUS;	Violation? Yes NGE IN STA	P-34-7S-33E *Significant Non-Compliance? No ATUS OF WELL; NE M-25-7S-33E *Significant	30-041-10421-00-6 Corrective Action Due By: 9/8/2008 ED TO TA, PA OR PI	Inspection No. iSAD0815740561 LACE

JENNIFER CHAVEROO SA UNIT No.072

I-25-7S-33E

30-041-10593-00-00

Inspection *Significant Corrective Type Inspection Inspector Violation? Date Inspection No. Non-Compliance? Action Due By: 06/04/2008 Pressure Test Sylvia Dickey Yes No 9/7/2008 iSAD0815651149 Comments on Inspection:

Well shut in; disconnected no well sign; not properly taid etc.

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

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.