



# 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. LORAIN, 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.

***INSPECTION DETAIL SECTION***

| HALEY CHAVEROO SA UNIT No.037 |                 |  |            | H-3-8S-33E                   | 30-005-10467-00-00        |                |
|-------------------------------|-----------------|--|------------|------------------------------|---------------------------|----------------|
| 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                  | iSAD0815547290 |
| Comments on Inspection:       |                 | CHAD MOHON ON LOCATION; IS AN ACTIVE INJECTION WELL; NOT ON LIST RBDMS SHOWS OIL WELL AS TYPE; PT OKAY; NEED TO CHANGE TYPE OF WELL CHECK PAPERWORK; TOOK 2 BBLs TO LOAD;                                |            |                              |                           |                |
| HALEY CHAVEROO SA UNIT No.035 |                 |  |            | F-3-8S-33E                   | 30-005-10490-00-00        |                |
| 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                  | iSAD0815545602 |
| Comments on Inspection:       |                 | CHAD MOHON ON LOCATION; WILL PRESSURE TEST LATER;  |            |                              |                           |                |
| HALEY CHAVEROO SA UNIT No.039 |                 |  |            | J-3-8S-33E                   | 30-005-10541-00-00        |                |
| 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                  | iSAD0815546482 |
| Comments on Inspection:       |                 | CHAD MOHON ON LOCATION; WELL IS CONNECTED AS AN INJECTION WELL; RBDMS SHOWS AS OIL ON TYPE OFWELL; SHUT IN AT THIS TIME; CANNOT CONNECT TO CASING; NEEDS NEW VALVES; CHECK FOR PAPERWORK FOR CONVERSION; |            |                              |                           |                |

**HALEY CHAVEROO SA UNIT No.042**

P-3-8S-33E

30-005-10551-00-00

| 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                  | iSAD0815546883 |
| Comments on Inspection: CHAD MOHON ON LOCATION; NOT CONNECTED NO ACTIVITY; NO PRESSURE TEST; |                 |               |            |                              |                           |                |

**HALEY CHAVEROO SA UNIT No.014**

F-33-7S-33E

30-041-10137-00-00

| 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                  | iSAD0815542864 |
| Comments on Inspection: CHAD MOHON ON LOCATION; NOT CONNECTED NO PRESSURE TEST; WELLSIGN NOT CORRECT; |                 |               |            |                              |                           |                |

**HALEY CHAVEROO SA UNIT No.018**

J-33-7S-33E

30-041-10138-00-00

| 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                  | iSAD0815538915 |
| Comments on Inspection: CHAD MOHON ON LOCATION; FAILURE TO REPAIR PREVIOUS VIOLATION; |                 |               |            |                              |                           |                |

**HALEY CHAVEROO SA UNIT No.016**

L-33-7S-33E

30-041-10146-00-00

| 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                  | iSAD0815542040 |
| Comments on Inspection: WELL INACTIVE NOT CONNECTED; NO PRESSURE TEST; CHAD MOHON ON LOCATION; FAILURE TO REPAIR PREVIOUS VIOLATION; |                 |               |            |                              |                           |                |

**HALEY CHAVEROO SA UNIT No.025**

N-33-7S-33E

30-041-10164-00-00

| 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 ON LOCATION; BHT OKAY; FAILURE TO REPAIR PREVIOUS VIOLATION; |                 |               |            |                              |                           |                |

**HALEY CHAVEROO SA UNIT No.001**

D-33-7S-33E

30-041-10174-00-00

| 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                  | iSAD0815537735 |
| Comments on Inspection: NO PRESSURE TEST FAILURE TO REPAIR PREVIOUS VIOLATION |                 |               |            |                              |                           |                |

**HALEY CHAVEROO SA UNIT No.012**

L-34-7S-33E

30-041-10213-00-00

| 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                  | iSAD0815543399 |
| Comments on Inspection: CHAD MOHON ON LOCATION; NO PRESSURE TEST WELL IS INACTIVE; FAILURE TO REPAIR PREVIOUS VIOLATION; |                 |               |            |                              |                           |                |

**HALEY CHAVEROO SA UNIT No.005**

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: VISUAL CASING PROBLEM DID NOT PASS ANNUAL TEST; CHAD MOHON ON LOCATION; FAILURE TO REPAIR PREVIOUS VIOLATION; |                 |               |            |                              |                           |                |

**HALEY CHAVEROO SA UNIT No.022**

J-34-7S-33E

30-041-10232-00-00

| 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                  | iSAD0815740212 |
| Comments on Inspection: NO CASING VALVES UNABLE TO TEST WELL; SHUT IN; |                 |               |            |                              |                           |                |

**HALEY CHAVEROO SA UNIT No.007**

B-34-7S-33E

30-041-10243-00-00

| 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                  | iSAD0815738004 |
| Comments on Inspection: WELL IS NOT CONNECTED; CASING IS OPEN TO SURFACE/AIR; OPERATOR NEEDS TO P&A, TA OR PLACE BACK ON ACTIVE STATUS; CHAD MOHON ON LOCATION; FAILURE TO REPAIR PREVIOUS VIOLATION; |                 |               |            |                              |                           |                |

**HALEY CHAVEROO SA UNIT No.008**

H-34-7S-33E

30-041-10413-00-00

| 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 |
| Comments on Inspection: NO CHART AT THIS TIME WELL IS DISCONNECTED; NEED TO TA, P&A OR PLACE BACK ON INJECTION; CHAD MOHON ON LOCATION; FAILURE TO REPAIR PREVIOUS VIOLATION; |                 |               |            |                              |                           |                |

**HALEY CHAVEROO SA UNIT No.031**

P-34-7S-33E

30-041-10421-00-00

| 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                  | iSAD0815740561 |
| Comments on Inspection: NO TEST PERFORMED NO CHANGE IN STATUS OF WELL; NEED TO TA, PA OR PLACE BACK ON ACTIVE STATUS; |                 |               |            |                              |                           |                |

**JENNIFER CHAVEROO SA UNIT No.042**

M-25-7S-33E

30-041-10553-00-00

| 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                  | iSAD0815650488 |
| Comments on Inspection: WELL IS DISCONNECTED NO TEST AT THIS TIME |                 |               |            |                              |                           |                |

**JENNIFER CHAVEROO SA UNIT No.072**

I-25-7S-33E

30-041-10593-00-00

| 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                  | iSAD0815651149 |
| Comments on Inspection: WELL SHUT IN; DISCONNECTED NO WELL SIGN; NOT PROPERLY TA'D 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 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.