

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	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:	00 Inspection No.
06/03/2008	Pressure Test		Sylvia Dickey	Yes	No	9/6/2008	iSAD0815547290
Comments	on Inspection:	SHOWS OIL W		OKAY; NEF		LL; NOT ON LIST RE PE OF WELL CHECK	
HALEY CHAVEROO SA UNIT No.035					F-3-8S-33E	30-005-10490-00-00	
Inspection Date	Type Inspection	ı	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:		
Inspection	IAVEROO SA			\$71.1 d. 0	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	TIME; CANNOT	

	IAVEROO SA	UNIT No.042			P-3-8S-33E	30-005-10551-00-	00 .
`Inspection Date	Type Inspection	ı	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 CONN	ECTED NO ACTIVI	TY; NO PRESSURE	
HALEY CH	AVEROO SA	UNIT No.014			F-33-7S-33E	30-041-10137-00-	nn
Inspection					*Significant	Corrective	00
Date	Type Inspection	i	Inspector	Violation?	Non-Compliance?	Action Due By:	Inspection No.
06/03/2008	Pressure Test		Sylvia Dickey	Yes	No	9/6/2008	iSAD0815542864
Comments	on Inspection:	CHAD MOHON NOT CORRECT		NOT CONN	ECTED NO PRESSU	JRE TEST; WELLSIG	N
	IAVEROO SA	UNIT No.018			J-33-7S-33E	30-041-10138-00-0	00
Inspection Date	Type Inspection	i	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 of	on Inspection:	CHAD MOHON	•		O REPAIR PREVIOU		13AD0813338913
MANA			,				
	AVEROO SA	UNIT No.016			L-33-7S-33E	30-041-10146-00-0)0
Inspection Date	Type Inspection	i.	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 of	on Inspection:	WELL INACTIV	· · ·	TED; NO PR	ESSURE TEST;CHA		101 100 100 100 120 120 100
HALEY CH	AVEROO SA				N-33-7S-33E	30-041-10164-00-0	
Inspection			_		*Significant	Corrective	, 0
Date	Type Inspection		Inspector	Violation?	Non-Compliance?	Action Due By:	Inspection No.
06/03/2008	Pressure Test	~~~	Sylvia Dickey	Yes	No	9/6/2008	iSAD0815541507
Comments o	n Inspection:	CHAD MOHON VIOLATION;	ON LOCATION;	ВНТ ОКАҮ:	FAILURE TO REPA	AIR PREVIOUS	
	AVEROO SA	UNIT No.001			D-33-7S-33E	30-041-10174-00-0	00
Inspection Date	Type Inspection		Inspector	Violation?	*Significant	Corrective	Increation No.
06/03/2008	Pressure Test		Sylvia Dickey	Yes	Non-Compliance? No	Action Due By: 9/6/2008	Inspection No.
	n Inspection:	NO PRESSURE	-		PREVIOUS VIOLATI		iSAD0815537735
			TEST TRIEBULE I	O KEI / KIK I	ILL VIOUS VIOLATI	ION	
HALEY CH	AVEROO SA	UNIT No.012			L-34-7S-33E	30-041-10213-00-0	00
Inamantiam							
Inspection Date	Type Inspection		Inspector	Violation?	*Significant	Corrective	Inspection No.
•	Type Inspection Pressure Test		-	Violation? Yes	*Significant Non-Compliance? No	Action Due By:	Inspection No.
Date 06/03/2008	Pressure Test	CHAD MOHON	Sylvia Dickey	Yes NO PRESSU	Non-Compliance? No		iSAD0815543399
Date 06/03/2008 Comments o	Pressure Test	CHAD MOHON REPAIR PREVI	Sylvia Dickey ON LOCATION;	Yes NO PRESSU	Non-Compliance? No	Action Due By: 9/6/2008	iSAD0815543399 E TO
Date 06/03/2008 Comments o HALEY CH. Inspection	Pressure Test In Inspection: AVEROO SA	CHAD MOHON REPAIR PREVI	Sylvia Dickey ON LOCATION; OUS VIOLATION	Yes NO PRESSU	Non-Compliance? No RE TEST WELL IS I D-34-7S-33E *Significant	Action Due By: 9/6/2008 NACTIVE; FAILURE	iSAD0815543399 E TO 00
Date 06/03/2008 Comments o HALEY CH. Inspection Date	Pressure Test In Inspection: AVEROO SA Type Inspection	CHAD MOHON REPAIR PREVI	Sylvia Dickey ON LOCATION; OUS VIOLATION Inspector	Yes NO PRESSU ; Violation?	Non-Compliance? No RE TEST WELL IS I D-34-7S-33E *Significant Non-Compliance?	Action Due By: 9/6/2008 NACTIVE; FAILURE 30-041-10218-00-(Corrective Action Due By:	iSAD0815543399 E TO O Inspection No.
Date 06/03/2008 Comments o HALEY CH. Inspection Date 06/04/2008	Pressure Test In Inspection: AVEROO SA Type Inspection Pressure Test	CHAD MOHON REPAIR PREVI UNIT No.005	Sylvia Dickey ON LOCATION; OUS VIOLATION Inspector Sylvia Dickey	Yes NO PRESSU ; Violation? Yes	Non-Compliance? No RE TEST WELL IS I D-34-7S-33E *Significant Non-Compliance? No	Action Due By: 9/6/2008 NACTIVE; FAILURE 30-041-10218-00-(Corrective Action Due By: 9/7/2008	iSAD0815543399 E TO 00
Date 06/03/2008 Comments o HALEY CH. Inspection Date 06/04/2008	Pressure Test In Inspection: AVEROO SA Type Inspection Pressure Test In Inspection:	CHAD MOHON REPAIR PREVI UNIT No.005 VISUAL CASIN	Sylvia Dickey ON LOCATION; OUS VIOLATION Inspector Sylvia Dickey	Yes NO PRESSU Violation? Yes NOT PASS	Non-Compliance? No RE TEST WELL IS I D-34-7S-33E *Significant Non-Compliance? No ANNUAL TEST:CHA	Action Due By: 9/6/2008 NACTIVE; FAILURE 30-041-10218-00-(Corrective Action Due By: 9/7/2008	iSAD0815543399 E TO O Inspection No.
Date 06/03/2008 Comments of HALEY CH. Inspection Date 06/04/2008 Comments of	Pressure Test In Inspection: AVEROO SA Type Inspection Pressure Test In Inspection:	CHAD MOHON REPAIR PREVIOUNIT No.005 VISUAL CASIN LOCATION; FA	Sylvia Dickey ON LOCATION; OUS VIOLATION Inspector Sylvia Dickey G PROBLEM DID	Yes NO PRESSU Violation? Yes NOT PASS	Non-Compliance? No RE TEST WELL IS I D-34-7S-33E *Significant Non-Compliance? No ANNUAL TEST:CHA	Action Due By: 9/6/2008 NACTIVE; FAILURE 30-041-10218-00-(Corrective Action Due By: 9/7/2008	iSAD0815543399 ETO 00 Inspection No. iSAD0815641353
Date 06/03/2008 Comments of HALEY CH. Inspection Date 06/04/2008 Comments of HALEY CH. Inspection	Pressure Test In Inspection: AVEROO SA Type Inspection Pressure Test In Inspection: AVEROO SA	CHAD MOHON REPAIR PREVIOUNIT No.005 VISUAL CASIN LOCATION; FA	Sylvia Dickey ON LOCATION; OUS VIOLATION Inspector Sylvia Dickey G PROBLEM DID ILURE TO REPAI	Yes NO PRESSU Violation? Yes NOT PASS R PREVIOU	Non-Compliance? No RE TEST WELL IS I D-34-7S-33E *Significant Non-Compliance? No ANNUAL TEST;CHA S VIOLATION; J-34-7S-33E *Significant	Action Due By: 9/6/2008 NACTIVE; FAILURE 30-041-10218-00-(iSAD0815543399 E TO Inspection No. iSAD0815641353
Date 06/03/2008 Comments of HALEY CH. Inspection Date 06/04/2008 Comments of HALEY CH. Inspection Date	Pressure Test Inspection: AVEROO SA Type Inspection Pressure Test Inspection:	CHAD MOHON REPAIR PREVIOUNIT No.005 VISUAL CASIN LOCATION; FA	Sylvia Dickey ON LOCATION; OUS VIOLATION Inspector Sylvia Dickey G PROBLEM DID	Yes NO PRESSU Violation? Yes NOT PASS	Non-Compliance? No RE TEST WELL IS I D-34-7S-33E *Significant Non-Compliance? No ANNUAL TEST;CHAS VIOLATION; J-34-7S-33E	Action Due By: 9/6/2008 NACTIVE; FAILURE 30-041-10218-00-(Corrective Action Due By: 9/7/2008 AD MOHON ON 30-041-10232-00-0 Corrective Action Due By:	iSAD0815543399 ETO 00 Inspection No. iSAD0815641353

HALEY CH Inspection Date	IAVEROO SA Type Inspection		Inspector	Violation?	B-34-7S-33E *Significant Non-Compliance?	30-041-10243-00-0 Corrective Action Due By:	0 Inspection No.
06/05/2008	Pressure Test		Sylvia Dickey	Yes	No	9/8/2008	iSAD0815738004
Comments	on Inspection:	TO P&A, TA OI	,	N ACTIVE S	STATUS;CHAD MOI	R; OPERATOR NEED HON ON LOCATION;	
HALEY CH Inspection Date 06/05/2008	IAVEROO SA Type Inspection Pressure Test		Inspector Sylvia Dickey	Violation? Yes	H-34-7S-33E *Significant Non-Compliance? No	30-041-10413-00-0 Corrective Action Due By: 9/8/2008	Inspection No.
	on Inspection:		THIS TIME WELL	. IS DISCON	NECTED; NEED TO	O TA, P&A OR PLACE E TO REPAIR PREVIO	3
HALEY CH	IAVEROO SA	UNIT No.031			P-34-7S-33E	30-041-10421-00-0	0
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 PERF BACK ON ACT		NGE IN STA	TUS OF WELL; NE	ED TO TA, PA OR PL	ACE
JENNIFER Inspection Date	CHAVEROO Type Inspection		42 Inspector	Violation?	M-25-7S-33E *Significant Non-Compliance?	30-041-10553-00-0 Corrective Action Due By:	0 Inspection No.
06/04/2008	Pressure Test		Sylvia Dickey	Yes	No	9/7/2008	iSAD0815650488
Comments 6	on Inspection:	WELL IS DISCO	ONNECTED NO TI	EST AT THI	S TIME		
JENNIFER Inspection	CHAVEROO	SA UNIT No.0	72		I-25-7S-33E *Significant	30-041-10593-00-0 Corrective	0

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.

Violation?

Yes

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

Non-Compliance?

No

Inspection No.

iSAD0815651149

Action Due By:

9/7/2008

Inspector

Sylvia Dickey

Sincerely,

Date

06/04/2008

COMPLIANCE OFFICER

Type Inspection

Pressure Test

Comments on Inspection:

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.