

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	SE	CTION		
Inspection Date	IAVEROO SA Type Inspection	1	Inspector	Violation?		-8S-33E *Significant on-Compliance?	30-005-10467-00-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		1	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	1	Inspector	Violation?	N	*Significant on-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	E TEST LATER:		
HALEY CH	IAVEROO SA				J-3-	8S-33E *Significant	30-005-10541-00-0	00
Date	Type Inspection	ı	Inspector	Violation?	N	on-Compliance?	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						

CONVERSION;

CONNECT TO CASING; NEEDS NEW VALVES; CHECK FOR PAPERWORK FOR

Inspection Date	AVEROO SA	UNIT No.042	Inspector Sylvia Diakov	Violation? Yes	P-3-8S-33E *Significant Non-Compliance? No	30-005-10551-00-0 Corrective Action Due By: 9/6/2008	0 Inspection No.
06/03/2008 Comments or	Pressure Test	СНАТ МОНОМ	Sylvia Dickey ON LOCATION:			Y; NO PRESSURE T	-
Comments of							
HALEY CHA	AVEROO SA	UNIT No.014			F-33-7S-33E	30-041-10137-00-0	0
Inspection Date	Type Inspection		Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
	Pressure Test		Sylvia Dickey	Yes	No	9/6/2008	iSAD0815542864
Comments or		CHAD MOHON NOT CORRECT		NOT CONNE	ECTED NO PRESSU	RE TEST; WELLSIG	N
HALEY CH	AVEROO SA	UNIT No.018			J-33-7S-33E	30-041-10138-00-0	00
Inspection	Type Inspection		Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
Date 06/03/2008	Pressure Test		Sylvia Dickey	Yes	No	9/6/2008	iSAD0815538915
		CHAD MOHON	•	FAILURE TO	REPAIR PREVIOU	JS VIOLATION;	
	AVEROO SA	UNIT No.016			L-33-7S-33E	30-041-10146-00-0	00
Inspection Date	Type Inspection		Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
	Pressure Test		Sylvia Dickey	Yes	No	9/6/2008	iSAD0815542040
Comments o	n Inspection:	WELL INACTIV LOCATION; FA	VE NOT CONNEC	TED; NO PR IR PREVIOU	ESSURE TEST;CHA S VIOLATION;	AD MOHON ON	
HALEY CH	AVEROO 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
	n Inspection:	CHAD MOHON VIOLATION;	•	BHT OKAY:	; FAILURE TO REPA	AIR PREVIOUS	
HALEY CH	AVEROO SA	UNIT No.001			D-33-7S-33E	30-041-10174-00-	00
Inspection	Type Inspection		Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
Date 06/03/2008	Pressure Test	•	Sylvia Dickey	Yes	No	9/6/2008	iSAD0815537735
	on Inspection:	NO PRESSURE	•	TO REPAIR	PREVIOUS VIOLAT	ION ,	
HALEY CH	IAVEROO SA	UNIT No.012			L-34-7S-33E	30-041-10213-00-	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	iSAD0815543399
Comments	on Inspection:		N ON LOCATION IOUS VIOLATION		JRE TEST WELL IS	INACTIVE; FAILUR	E TO
HALEY CH	IAVEROO SA	UNIT No.005			D-34-7S-33E	30-041-10218-00-	00
Inspection Date	Type Inspection	1	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
06/04/2008	Pressure Test		Sylvia Dickey	Yes	No	9/7/2008	iSAD0815641353
	on Inspection:		NG PROBLEM DI AILURE TO REPA		S ANNUAL TEST;CH US VIOLATION;	HAD MOHON ON	
	LAVEDOOGA	UNIT No.022			J-34-7S-33E	30-041-10232-00-	.00
HALEY CH	IAVEKUU SA				*Significant	Corrective	
Inspection		•	Inchestor	Violation?	9		Inspection No.
	Type Inspection Pressure Test		Inspector Sylvia Dickey	Violation? Yes	Non-Compliance?		Inspection No. iSAD0815740212

VEROO SA Type Inspection Pressure Test Inspection:	TO P&A, TA OF FAILURE TO R UNIT No.008 NO CHART AT	Inspector Sylvia Dickey THIS TIME WEL	N ACTIVE S S VIOLATIO Violation? Yes L IS DISCON	STATUS; CHAD MOR ON; H-34-7S-33E *Significant Non-Compliance? No NO	IR; OPERATOR NEED HON ON LOCATION; 30-041-10413-00-00 Corrective Action Due By:	Inspection No.
VEROO SA Type Inspection Pressure Test Inspection:	TO P&A, TA OF FAILURE TO R UNIT No.008 NO CHART AT BACK ON INJE	Inspector Sylvia Dickey THIS TIME WEL	N ACTIVE S S VIOLATIO Violation? Yes L IS DISCON	STATUS; CHAD MOR ON; H-34-7S-33E *Significant Non-Compliance? No NO	30-041-10413-00-00 Corrective Action Due By: 9/8/2008 i	Inspection No.
Type Inspection Pressure Test Inspection:	NO CHART AT BACK ON INJE	Sylvia Dickey THIS TIME WEL	Yes L IS DISCON	*Significant Non-Compliance? No NO	Corrective Action Due By: 9/8/2008 i D TA, P&A OR PLACE	Inspection No.
-	BACK ON INJE					
	VIOLATION;					
VEROO SA	UNIT No.031			P-34-7S-33E	30-041-10421-00-0	0
Гуре Inspection		Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
ressure Test		Sylvia Dickey	Yes	No	9/8/2008	iSAD0815740561
Inspection:			NGE IN STA	ATUS OF WELL; NE	ED TO TA, PA OR PL	ACE
Inspection			Violation?	M-25-7S-33E *Significant	30-041-10553-00-0	0 Inspection No.
••		•		•	•	iSAD0815650488
	WELL IS DISC				37772000	
inspection:	WELL IS DISC	ONNECTED NO I	ESI AI IIII	3 TIVIL		
				I-25-7S-33E *Significant	30-041-10593-00-0 Corrective	0 Inspection No.
	Type Inspection ressure Test Inspection: HAVEROO Type Inspection ressure Test Inspection: HAVEROO	ressure Test Inspection: NO TEST PERF BACK ON ACT HAVEROO SA UNIT No.0 Type Inspection ressure Test Inspection: WELL IS DISCO	Type Inspection ressure Test Inspector Sylvia Dickey NO TEST PERFORMED NO CHABACK ON ACTIVE STATUS; HAVEROO SA UNIT No.042 Type Inspection ressure Test Inspection: WELL IS DISCONNECTED NO THAVEROO SA UNIT No.072	Type Inspection Inspector Violation? ressure Test Sylvia Dickey Yes Inspection: NO TEST PERFORMED NO CHANGE IN STABACK ON ACTIVE STATUS; HAVEROO SA UNIT No.042 Type Inspection Inspector Violation? ressure Test Sylvia Dickey Yes Inspection: WELL IS DISCONNECTED NO TEST AT THE	*Significant Violation? Non-Compliance? ressure Test Sylvia Dickey Yes No Inspection: NO TEST PERFORMED NO CHANGE IN STATUS OF WELL; NE BACK ON ACTIVE STATUS; *HAVEROO SA UNIT No.042 M-25-7S-33E *Significant Non-Compliance? ressure Test Sylvia Dickey Yes No Inspection: WELL IS DISCONNECTED NO TEST AT THIS TIME *HAVEROO SA UNIT No.072 I-25-7S-33E *Significant Non-Compliance? Test Sylvia Dickey Yes No Inspection: WELL IS DISCONNECTED NO TEST AT THIS TIME	*Significant Non-Compliance? Action Due By: ressure Test Sylvia Dickey Yes No 9/8/2008 Inspection: NO TEST PERFORMED NO CHANGE IN STATUS OF WELL; NEED TO TA, PA OR PL BACK ON ACTIVE STATUS; *HAVEROO SA UNIT No.042 *Significant Non-Compliance? *Significant Non-Compliance? *Significant Non-Compliance? *Significant Non-Compliance? *Significant Non-Compliance? *Action Due By: ressure Test Sylvia Dickey Yes No 9/7/2008 Inspection: WELL IS DISCONNECTED NO TEST AT THIS TIME *Significant Non-Compliance? *Significant Non-Compliance? *Action Due By: *Action Due By: *Significant Non-Compliance? *Action Due By: *Significant Non-Compliance? *Action Due By: *Action Due By: *Significant Non-Compliance? *Action Due By: *Action Due By: *Significant Non-Compliance? *Action Due By: *Action Due By: *Action Due By: *Significant Non-Compliance? *Action Due By: *Significant Non-Compliance? *Action Due By: *Acti

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.

Yes

Well shut in; disconnected no well sign; not properly Ta'd etc.

Sylvia Dickey

No

9/7/2008

iSAD0815651149

Comments on Inspection:

06/04/2008

Pressure Test

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.