



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"

24-Jun-08

PHOENIX HYDROCARBONS OPERATING CORP

PO BOX 3638

MIDLAND TX 79702

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

NELLIE No.001				A-32-11S-33E	30-025-22562-00-00	
Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
06/20/2008	Routine/Periodic	Mark Whitaker	Yes	No	9/23/2008	iMAW0817249368
Violations						
Absent Well Identification Signs (Rule 103)						
Comments on Inspection:		Location needs attention. Equipment OK. Surplus equipment on location. Oil staining around wellhead. Well sign not legible. NEED TO REPLACE WELL SIGN. SEE RULE 103 FOR INFORMATION CURRENTLY REQUIRED ON SIGN. 1st letter of non-compliance. MW				

ROSE No.001				C-32-11S-33E	30-025-22653-00-00	
Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
06/20/2008	Routine/Periodic	Mark Whitaker	Yes	No	9/23/2008	iMAW0817249836
Violations						
Absent Well Identification Signs (Rule 103)						
Idle well (Rule 201)						
Comments on Inspection:		Location grown up with weeds. Sign not legible. No production reported in 142 months. NEED TO REPLACE WELL SIGN. SEE RULE 103 FOR INFORMATION CURRENTLY REQUIRED ON SIGN. NEED TO RETURN WELL TO PRODUCTION, T/A, OR PLUG WELL. 1st letter on non-compliance. MW				

UNA No.001

G-32-11S-33E

30-025-22704-00-00

Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
06/20/2008	Routine/Periodic	Mark Whitaker	Yes	No	9/23/2008	iMAW0817249553

Violations

Absent Well Identification Signs (Rule 103)

Comments on Inspection: Location needs attention. Equipment OK. Surplus equipment on location. Heavy oil staining at wellhead and tank. Sign not legible. NEED TO REPLACE WELL SIGN. SEE RULE 103 FOR INFORMATION CURRENTLY REQUIRED ON SIGN. 1st letter of non-compliance. MW

STATE OG SWD No.002

L-9-11S-33E

30-025-31381-00-00

Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
06/23/2008	Routine/Periodic	Mark Whitaker	Yes	No	9/23/2008	iMAW0817532081

Violations

Absent Well Identification Signs (Rule 103)

Comments on Inspection: Well sign at Satellite #3 not legible. NEED TO REPLACE WELL SIGN. SEE RULE 103. 1st letter of non-compliance. MW

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,



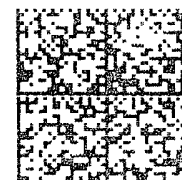
COMPLIANCE OFFICER

Hobbs OCD District Office

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

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06/24/2008

Mailed From 88240

US POSTAGE

PHOENIX HYDROCARBONS OPER
PO BOX 3638
MIDLAND, TX 79702