



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"

17-Apr-08

RECEIVED

MAY 01 2008

HOBBS OCD

EVERQUEST ENERGY CORPORATION

10 DESTA DRIVE SUITE 300-E

MIDLAND TX 79705

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

SCHOONER B STATE No.002

H-17-16S-32E

30-025-37921-00-00

Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
04/15/2008	Routine/Periodic	Mark Whitaker	Yes	No	5/30/2008	iMAW0810634327
Violations Emergency Temporary Pits						

Comments on Inspection: Drilling Pit Open. Wooden pallets, piece of casing, rod thread protectors, and other debris on location. NEED TO CLEAN LOCATION (GENERAL HOUSEKEEPING RULE 114) AND SUBMIT A PROPOSAL TO CLOSE THE PIT IMMEDIATELY. 1st letter of non-compliance. MW

DRILLING RESERVE PIT HAS AN APPROVED C-144.
PIT WILL BE CLOSED BEGINNING 1ST WEEK IN MAY'08.
GENERAL HOUSEKEEPING WILL BE DONE @ THAT TIME ALSO.

DO NOT RELEASE!
PIT NOT CLOSED.

YMB
6/4/2008

Oil Conservation Division * 1625 N French Drive * Hobbs, New Mexico 88240
Phone 505-393-6161 * Fax 505-393-0720 * http www.enr.state.nm.us

MD
432-978-1126

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TERRY DUFFEY