



# 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"*

21-Aug-08

**XERIC OIL & GAS CORP**

14781 MEMORIAL DRIVE STE. 1754

HOUSTONE TX 77079

**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***

| EAST PEARL QUEEN UNIT No.089 |                  |                                                                                                                                                                                                                                                          |            | D-34-19S-35E                 | 30-025-31019-00-00        |                |
|------------------------------|------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|------------------------------|---------------------------|----------------|
| Inspection Date              | Type Inspection  | Inspector                                                                                                                                                                                                                                                | Violation? | *Significant Non-Compliance? | Corrective Action Due By: | Inspection No. |
| 08/20/2008                   | Routine/Periodic | Mark Whitaker                                                                                                                                                                                                                                            | Yes        | No                           | 10/31/2008                | iMAW0823356652 |
| Comments on Inspection:      |                  | Location needs attention. Equipment OK. Surplus chemical drum. Fluid in environmental pan. NEED TO REMOVE CHEMICAL DRUM AND DRAIN FLUID FROM ENVIRONMENTAL PAN AND DISPOSE OF PROPERLY (GENERAL HOUSEKEEPING RULE 114). 1st letter of non-compliance. MW |            |                              |                           |                |

| WEST PEARL QUEEN UNIT No.190 |                  |                                                                                                     |            | I-29-19S-35E                 | 30-025-31020-00-00        |                |
|------------------------------|------------------|-----------------------------------------------------------------------------------------------------|------------|------------------------------|---------------------------|----------------|
| Inspection Date              | Type Inspection  | Inspector                                                                                           | Violation? | *Significant Non-Compliance? | Corrective Action Due By: | Inspection No. |
| 08/20/2008                   | Routine/Periodic | Mark Whitaker                                                                                       | Yes        | No                           | 10/31/2008                | iMAW0823355351 |
| Comments on Inspection:      |                  | Well sign (Rule 103). Sign not legible. NEED TO REPLACE WELL SIGN. 1st letter of non-compliance. MW |            |                              |                           |                |

**WEST PEARL QUEEN UNIT No.182**

I-29-19S-35E

**30-025-31123-00-00**

| Inspection Date | Type Inspection  | Inspector     | Violation? | *Significant Non-Compliance? | Corrective Action Due By: | Inspection No. |
|-----------------|------------------|---------------|------------|------------------------------|---------------------------|----------------|
| 08/20/2008      | Routine/Periodic | Mark Whitaker | Yes        | No                           | 10/31/2008                | iMAW0823355670 |

**Violations**

General Housekeeping (Rule 114)

**Comments on Inspection:** Location needs attention. Equipment OK. Surplus rods, tbg, hoses, and debris. 5 gallon bucket with no label next to pumping unit. NEED TO REMOVE 5 GALLON BUCKET AND DISPOSE OF PROPERLY (GENERAL HOUSEKEEPING RULE 114). 1st letter of non-compliance. MW

**WEST PEARL QUEEN UNIT No.301**

H-31-19S-35E

**30-025-36791-00-00**

| Inspection Date | Type Inspection  | Inspector     | Violation? | *Significant Non-Compliance? | Corrective Action Due By: | Inspection No. |
|-----------------|------------------|---------------|------------|------------------------------|---------------------------|----------------|
| 08/20/2008      | Routine/Periodic | Mark Whitaker | Yes        | No                           | 9/26/2008                 | iMAW0823354976 |

**Violations**

General Housekeeping (Rule 114)

**Comments on Inspection:** Location needs attention. Equipment OK. Chemical drum on north side of location. No placard on drum. NEED TO REMOVE CHEMICAL DRUM AND DISPOSE OF PROPERLY (GENERAL HOUSEKEEPING RULE 114). 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

**FIRST  
CLASS**



HASLER  
017H15554612  
**\$0.420**  
08/21/2008  
Mailed From 88240  
US POSTAGE

XERIC OIL & GAS CORP  
14781 MEMORIAL DRIVE SUITE 1754  
HOUSTON, TX 77079