

NEW MEXICO ENERGY, MINERALS NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON Governor

Joanna Prukop Cabinet Secretary

FOR INFORMATION ONLY

Mark E. Fesmire, P.E. Director Oil Conservation Division

Response Required - Deadline Enclosed

Field Inspection Program "Preserving the Integrity of Our Environment"

10-Sep-08

PRIDE ENERGY COMPANY P.O. BOX 701602 TULSA OK 74170-1602

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

SOUTH	FOUR	LAKES	UNIT	No.008

A-2-12S-34E

30-025-29533-00-00

Inspection

Type Inspection

Inspector

*Significant

Corrective

Date

Violation? Non-Compliance? Action Due By:

Inspection No.

09/05/2008 Pressure Test

Sylvia Dickey

Yes

No

12/9/2008

iSAD0825340012

Comments on Inspection:

900# (SALT WATER) ON INTERMEDIATE; BLED TO TRUCK IN LESS THAN 2 MINUTES; PRESSURE TESTED 4 TIMES, ONE CHART ACCEPTABLE, YET MARGINAL FOR APPROVED TEST; OCD REQUESTS GAGES BE PLACED ON INTERMEDIATE CASING AND TUBING TO MONITOR PRESSURE; OCD WILL SPOT CHECK WELL: IN ADDITION. OCD REQUEST ANOTHER PRESSURE TEST BE PERFORMED AFTER WELL IS SHUT IN A MINIMUM OF 24 HOURS PRIOR TO PRESSURE TEST TO DETERMINE MECHANICAL INTEGRITY. OCD APPROVES TEMPORARY USE OF WELL UNTIL FINAL TEST RUN PRIOR TO SEPTEMBER 19TH, 2008. **NOTE SHANE FERGUSON CLD 9/9/08, SCHEDULED PT FOR WELL ON 9/10/08 @ 8:00 STONE OFS; MAXEY BROWN W/WITNESS;

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.

Sincerely,

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

EMNRD OIL CONSERVATION DIVISION 1625 N FRENCH DRIVE HOBBS NM 88240



PRIDE ENERGY COMPANY P.O. BOX 701602 TULSA, OK 74170