



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

Field Inspection Program

"Preserving the Integrity of Our Environment"

10-Oct-08

EOR OPERATING COMPANY

One Riverway SUITE 610

Houston TX 77056

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

MILNESAND UNIT No.181

E-18-8S-35E

✓ 30-041-00086-00-00

Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
10/10/2008	Plugged Well Surface Restor	Maxey Brown	Yes	No	1/13/2009	iMGB0828433637
Comments on Inspection: DO NOT RELEASE. RULE 202. NEED TO REMOVE STEEL FLOWLINE FROM LOCATION. THIS IS 1ST LETTER OF NON-COMPLIANCE.						

MILNESAND UNIT No.173

A-14-8S-34E

✓ 30-041-00120-00-00

Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
10/10/2008	Plugged Well Surface Restor	Maxey Brown	Yes	No	1/13/2009	iMGB0828435866
Comments on Inspection: DO NOT RELEASE. RULE 202. NEED TO REMOVE ELECTRIC STUB POLE AND CONDUIT, ALSO REMOVE FLOWLINE FROM LOCATION. IN ADDITION REMOVE SEVERAL PIECES OF WOOD SCATTERED OVER LOCATION. THIS IS 1ST LETTER OF NON-COMPLIANCE.						

MILNESAND UNIT No.135

O-7-8S-35E

✓ 30-041-10045-00-00

Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
10/10/2008	Plugged Well Surface Restor	Maxey Brown	Yes	No	1/13/2009	iMGB0828437230
Comments on Inspection: DO NOT RELEASE. RULE 202. NEED TO REMOVE 2 JTS OF TBG. POLISH ROD, ROD PUMP, CONDUIT AND WIRING. THIS IS 1ST LETTER OF NON-COMPLIANCE.						

MILNESAND UNIT No.137

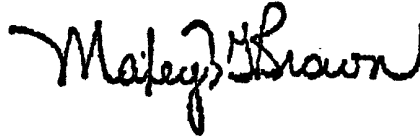
I-7-8S-35E

✓ 30-041-10050-00-00

Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
10/10/2008	Plugged Well Surface Restor	Maxey Brown	Yes	No	1/13/2009	iMGB0828437901
Comments on Inspection: DO NOT RELEASE. RULE 202. NEED TO REMOVE ELEC STUB POLE AND CONDUIT, ELECTRIC CONTROL BOX, 1 JT OF TBG. THIS IS 1ST LETTER OF NON-COMPLIANCE.						

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

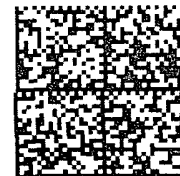
Hobbs OCD District Office

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**



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10/10/2008

Mailed From 88240

US POSTAGE

EOR OPERATING COMPANY
ONE RIVERWAY SUITE 610
HOUSTON TX 77056