



# 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"*

05-Dec-08

**XERIC OIL & GAS CORP**

14781 MEMORIAL DRIVE STE. 1754

HOUSTON 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***

**WEST PEARL QUEEN UNIT No.202**

B-32-19S-35E

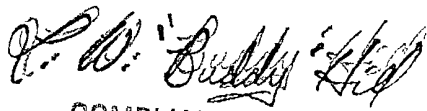
**30-025-31125-00-00**

Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
12/04/2008	Routine/Periodic	Buddy Hill	Yes	No	12/22/2008	iLWH0834031751
<b>Violations</b>						
Surface Leaks/Spills						

**Comments on Inspection:** Large area on southeast corner of battery fence has 20' x 65' standing heavy oil / sludge. No sign of attempted clean-up. Cannot find spill report. Estimate volume greater than 25 barrels lost. C-141 spill report needs to be filed ASAP. A clean-up plan should be approved and spill site remediated ASAP. Notice of Violation will be filed if no response by 12-22-08.

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,



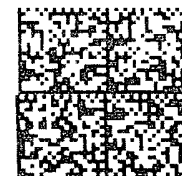
COMPLIANCE OFFICER  
COMPLIANCE OFFICER

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  
017H15554612  
\$0.420  
12/05/2008  
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14781 MEMORIAL DRIVE STE. 1754  
HOUSTON, TX 77079