



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"

05-Mar-09

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

EAST PEARL QUEEN UNIT No.046				H-34-19S-35E	30-025-03302-00-00	
Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
02/26/2009	Compliance Verification	Maxey Brown	Yes	No	6/1/2009	iMGB0905749878
Violations						
Absent Well Identification Signs (Rule 103)						
Comments on Inspection: NO WELL SIGN. RULE 103. NEED TO INSTALL SIGN. T/A TEST 7-10-2002, EXPIRED. BHT 4-19-2006, LOC GROWN OVER WITH VEGETATION. INACTIVE WELL. THIS IS FIRST LETTER OF NON-COMPLIANCE. MGB.						
EAST PEARL QUEEN UNIT No.057				K-34-19S-35E	30-025-23409-00-00	
Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
02/26/2009	Compliance Verification	Maxey Brown	Yes	No	6/1/2009	iMGB0905749495
Violations						
Absent Well Identification Signs (Rule 103)						
Comments on Inspection: WELL SIGN. RULE 103. NEED SIGN, SIGN ON LOCATION FOR A DIFFERENT WELL IN SEC 27. WELL INACTIVE. NO PUMPING EQUIP. T/A EXPIRED. MGB.						

EAST PEARL QUEEN UNIT No.059

H-27-19S-35E

30-025-23427-00-00

Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
02/26/2009	Compliance Verification	Maxey Brown	Yes	No	6/1/2009	iMGB0905741703
Violations						
Absent Well Identification Signs (Rule 103)						

Comments on Inspection: NO WELL SIGN. RULE 103. NEED TO INSTALL SIGN. T/A TEST 7-10-2002 EXPIRED.
NO PUMPING EQUIP. THIS IS 1ST LETTER OF NON-COMPLIANCE.

EAST PEARL QUEEN UNIT No.082

K-27-19S-35E

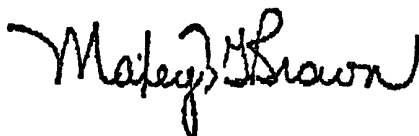
30-025-31121-00-00

Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
02/26/2009	Routine/Periodic	Maxey Brown	Yes	No	6/1/2009	iMGB0905743987
Violations						
Absent Well Identification Signs (Rule 103)						

Comments on Inspection: NO Well Sign (Rule 103). NEED TO INSTALL WELL SIGN. STUFFING BOX LEAKING.
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



HAS ER
017H15554612
03/05/2009
Mailed From 88240
US POSTAGE

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