



# 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"*

26-Jun-09

## **EVERQUEST ENERGY CORPORATION**

10 DESTA DRIVE SUITE 300-E

MIDLAND TX 79705

### **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.

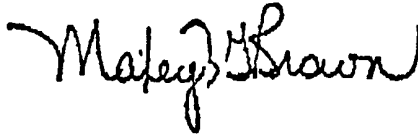
Please notify the proper district office of the Division, in writing, of the date corrective actions are scheduled to be made so that arrangements can be made to reinspect the well and/or facility.

### **INSPECTION DETAIL SECTION**

SCHOONER B STATE No.002				H-17-16S-32E	30-025-37921-00-00	
Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
06/26/2009	Compliance Verification	Maxey Brown	Yes	No	7/29/2009	iMGB0917752473
	Violations					
	Rule Violation					
Comments on Inspection:		DRILLING PIT HAS NOT BEEN CLOSED. RULE 19.15.17.9C, NEED TO REMOVE STOCKPILED SOIL THAT WAS REMOVED FROM DRILLING PIT CONTACT LARRY JOHNSON HOBBS DIST 1 OFFICE, 575-393-6161, EXT 111 FOR APPROVED PIT CLOSURE. THIS IS 2ND NOTICE OF NON-COMPLIANCE ALSO REMOVE STANDING OIL FROM CELLAR PHOTO ENCLOSED				

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,



Hobbs OCD District Office

**COMPLIANCE OFFICER**

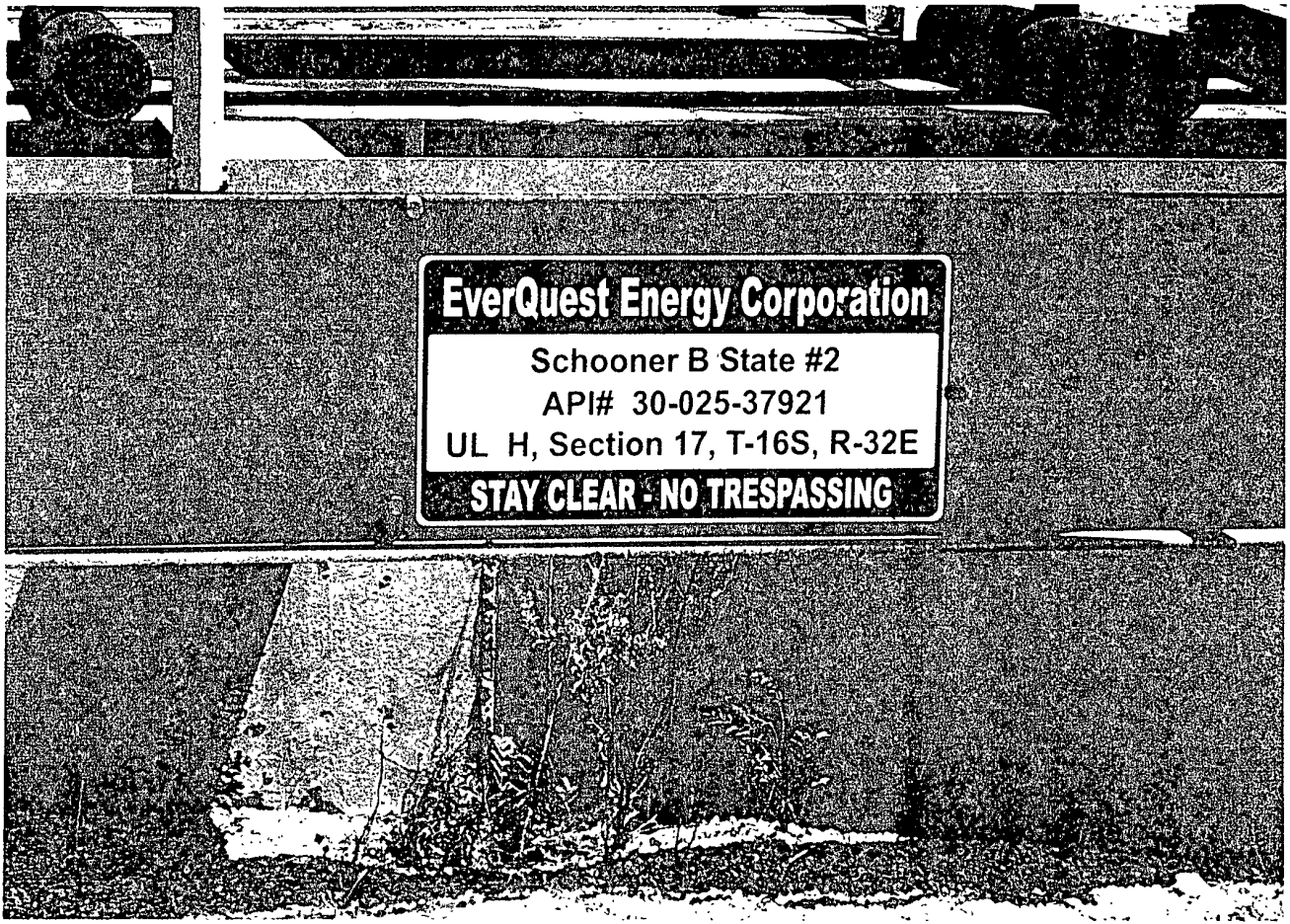
**Note:** Information in Detail Section comes directly from field inspector data entries - not all blanks will contain data  
^Significant Non-Compliance events are reported directly to the EPA, Region VI, Dallas, Texas

EMNRD  
OIL CONSERVATION DIVISION  
1625 N FRENCH DRIVE  
HOBBS NM 88240



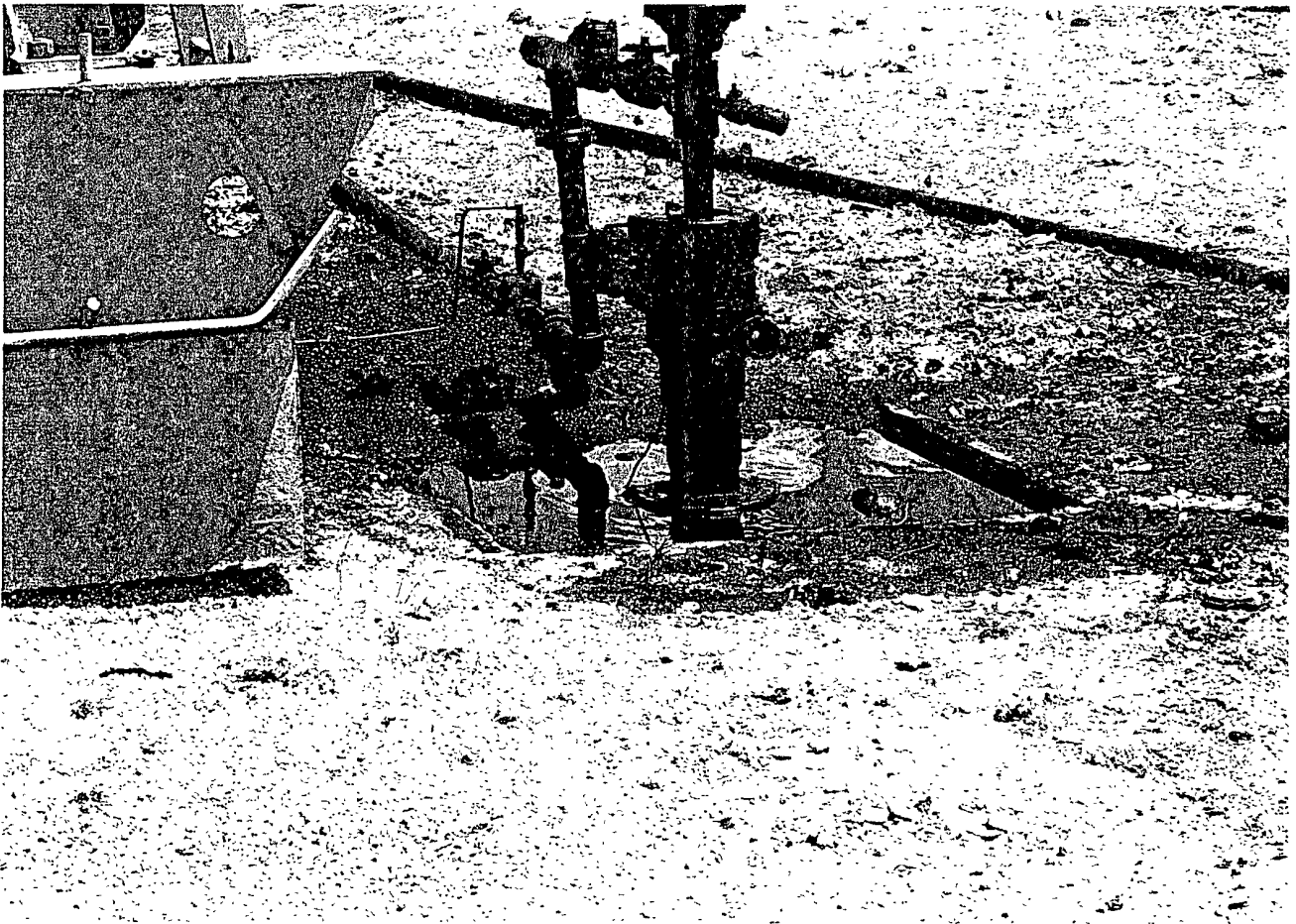
HASLER	017H15554612	US POSTAGE
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	06/26/2009	
	Mailed From 88240	

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MIDLAND TX 79705

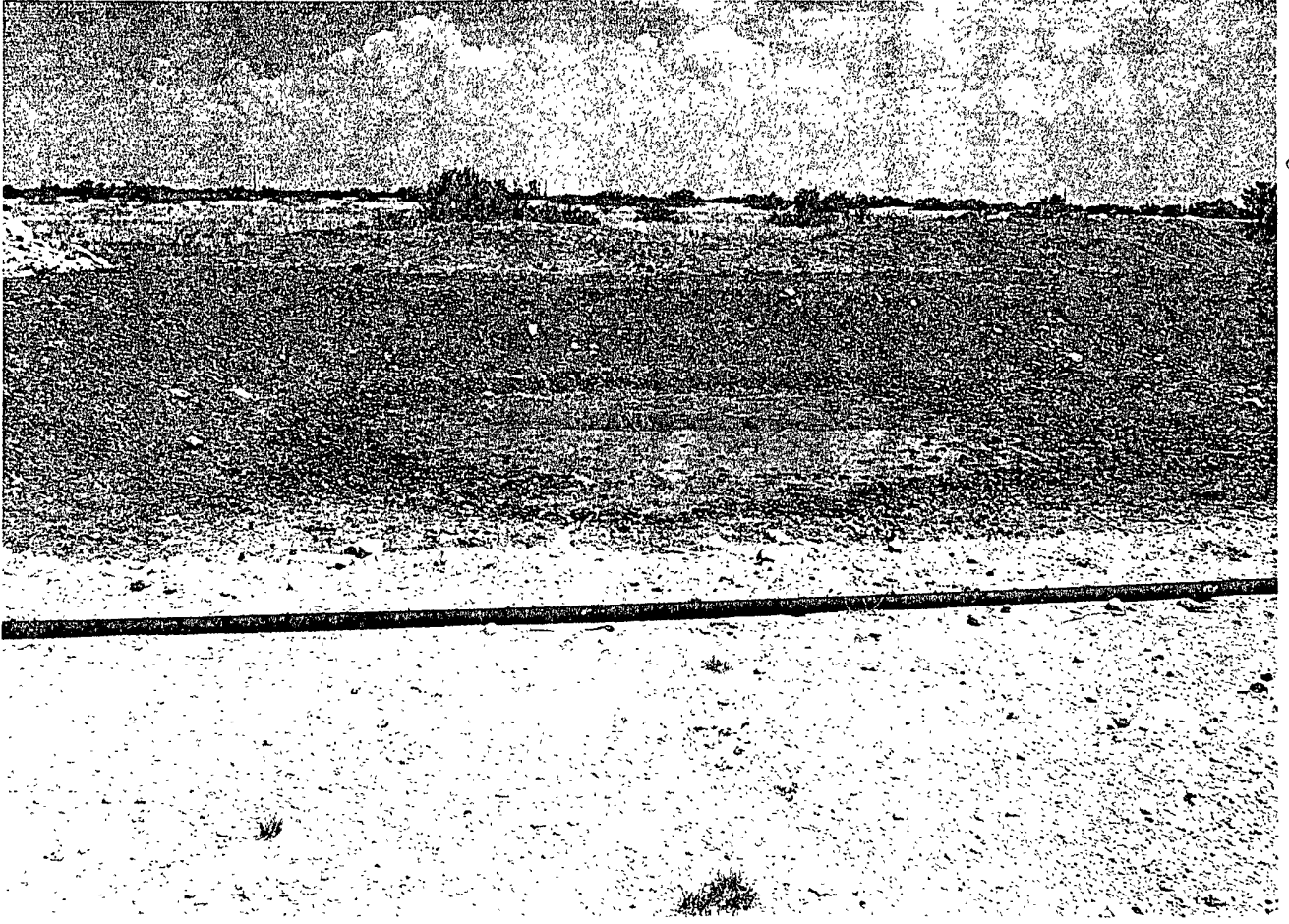


1 of 2

6/26/2009



Oil in Cellar



Rainwater in Sub pit. Lot 2

6/24/2009



Stockpile of DIRT/DRILLING MUD  
Plastic & misc debris.