

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"

24-Sep-09

LANEXCO INC

PO BOX 2730 MIDLAND TX 79702

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.

| | | INSPECTIO! | V DETAIL | L SECTION | | |
|---------------------------|---|---|--------------|---|--|-----------------------|
| STATE C C Inspection Date | COM No.002 Type Inspection | Inspector | Violation? | H-24-21S-35E *Significant Non-Compliance? | 30-025-03497-00- Corrective Action Due By: | -00 Inspection No. |
| 09/24/2009 | Routine/Periodic | Mark Whitaker | Yes | No | 12/28/2009 | iMAW0926742525 |
| | Violations | | | | | |
| | Absent Well Identification Sig | ns (Rule 103) | | | | |
| Comments | | ed out in tbg. No pumping with current rule (19.15. | | | ll sign not legible and | l does |
| STATE C No.003 | | | | B-24-21S-35E 30-025-03498-00-00 | | |
| Inspection Date | Type Inspection | Inspector | Violation? | *Significant Non-Compliance? | Corrective Action Due By: | Inspection No. |
| 09/24/2009 | Routine/Periodic | Mark Whitaker | Yes | No | 12/28/2009 | iMAW0926742278 |
| | Violations Absent Well Identification Sig | ns (Rule 103) | | | | |
| Comments | on Inspection: Well sign t | not legible and does not co | omply with o | current rule (19.15.16. | 8). Need to replace si | gn. MW |
| STATE C N Inspection Date | 0.004 Type Inspection | Inspector | Violation? | G-24-21S-35E *Significant Non-Compliance? | 30-025-03499-00- Corrective Action Due By: | -00 Inspection No. |
| 09/24/2009 | Routine/Periodic | Mark Whitaker | Yes | No | 12/28/2009 | iMAW0926741833 |
| | Violations Absent Well Identification Sig | ens (Rule 103) | | | | |
| Comments | on Inspection: Well sign i | not legible and does not co | omply with o | current rule (19.15.16. | 8). Need to replace si | gn. MW |

STATE C No.001Y A-24-21S-35E 30-025-03500-00-00

*Significant Inspection Corrective Inspection No. Violation? Type Inspection Inspector Non-Compliance? Action Due By: Date 12/28/2009 iMAW0926742142 No 09/24/2009 Routine/Periodic Mark Whitaker Yes

Violations

Absent Well Identification Signs (Rule 103)

Comments on Inspection: Well sign not legible and does not comply with current rule (19.15.16.8). Need to replace sign. MW

STATE C No.002Y H-24-21S-35E 30-025-03507-00-00

Inspection *Significant Corrective Type Inspection Inspector Violation? Inspection No. Non-Compliance? Action Due By: Date iMAW0926741441 09/24/2009 Routine/Periodic Mark Whitaker Yes No 12/28/2009

Violations

Absent Well Identification Signs (Rule 103)

Surface Leaks/Spills

Comments on Inspection: Well sign not legible (Rule 19.15.16.8). Cellar has oil. Need to replace well sign. Remove fluids

and contaminated soil from cellar. Pipe bradenheads to surface and fill in. MW

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,

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



017H15554612 \$0.440 09/24/2009 Mailed From 88240

LANEXCO INC PO BOX 2730 MIDLAND, TX 79702