

NEW MEXICO ENERGY, MINERALS NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E. Director

Oil Conservation Division

09-Mar-10

MIDLAND OPERATING INC.

3100 NORTH "A", SUITE E-120 MIDLAND TX 79705-

LETTER OF VIOLATION - Inactive Well(s)

Dear Operator:

A review of our records and recent inspection(s) indicate that the subject well(s) has been shut-in for an extended period of time. Rule 201 of the Rules and Regulation of the Oil Conservation Division provides that a well may be shut-in no longer than sixty days after suspension of drilling operations, upon determining that ther well is no longer usable (e.g., a dry hole), or one year after last production. To comply with guidelines as established in the Rules and Regulations, corrective actions must be taken immediately and the well(s) brought into compliance.

The detail section below indicates preliminary findings and/or probable nature of the violation.

The following options are available:

- 1. Immediately restore the well(s) to production, injection or disposal as applicable.
- 2. Request 'Temporary Abandoned' status pursuant to Rule 203, which requires that you set a plug and conduct a mechanical integrity test.
- 3. Submit a proposal to 'Plug and Abandon' the well(s) pursuant to Rule 202, proceed with plugging procedures on a timely basis after the proposal has been evaluated, amended and/or approved.

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.

IDLE WELL INSPECTION DETAIL SECTION

LANGLIE MATTIX **WOOLWORTH UNIT 115** O-33-24S-37E

30-025-11333-00-00

Inspection No. iMAW1006841817

Inspection Date:

3/9/2010 11:36:49 AM

Corrective Action Due by: 6/12/2010

Type Inspection

Inspector

Violation?

*Significant Non-Compliance?

Routine/Periodic

Mark Whitaker

Yes

Comments on Inspection:

Idle well. No production reported in 68 months. Wrong API number on well sign. NEED TO RETURN

TO PRODUCTION, TEST FOR T/A STATUS, OR PLUG & ABANDON WELL. CORRECT WELL

SIGN OR REPLACE. 1st notice. MW

LANGLIE MATTIX **WOOLWORTH UNIT 114** G-33-24S-37E

30-025-28592-00-00

Inspection No. iMAW1006837467

Oil Conservation Division * 1625 N French Drive * Hobbs, New Mexico 88240 Phone: 505-393-6161 * Fax: 505-393-0720 * http://www.emnrd.state.nm.us

Inspection Date: 3/9/2010 10:24:24 AM Corrective Action Due by: 6/12/2010

Type Inspection

Inspector

Violation?

*Significant Non-Compliance?

Routine/Periodic

Comments on Inspection:

Mark Whitaker Idle Well. No production reported in 107 months. NEED TO RETURN TO PRODUCTION, TEST

Yes

No

FOR T/A STATUS, OR PLUG & ABANDON WELL. 1st notice.

Thank you for your prompt attention to this matter and your efforts in helping to protect our environment and the infrastructure of the oil and gas industry.

Sincerely,

COMPLIANCE OFFICER

Hobbs OCD District Office

* Significant Non-Compliance events are reported directly to the U.S. Environmental Protection Agency, Region VI, Dallas, Texas

EMNRD
OIL CONSERVATION DIVISION
1625 N FRENCH DRIVE
HOBBS NM 88240



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MIDLAND OPERATING 3100 NORTH A SUITE E-120 MIDLAND, TX 79705