



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"

17-Mar-10

SHERIDAN PRODUCTION COMPANY
ATTN: MARK MCCOOL-OPER. MGR.
9 GREENWAY PLAZA
STE. 1300
HOUSTON, TX 77046

SHERIDAN PRODUCTION COMPANY LLC
ATTN: JOHNNY ALLISON
CENTENNIAL TOWER
200 N. LORAIN, STE. 530
MIDLAND, TX 79701

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

NORTH VACUUM ABO NORTH UNIT No.001

N-1-17S-34E

30-025-23945-00-00

Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
03/11/2010	Pressure Test	Sylvia Dickey	Yes	No	6/14/2010	iSAD1007056450
Comments on Inspection: ****WELLHEAD ASSEMBLY HAS LEAKS DID NOT PT *****CK TO SEE IF OPERATOR PERFORMED REPAIRS***OPERATOR IN VIOLATION OF NMOCD RULE 19.15.26.10*****						

NORTH VACUUM ABO NORTH UNIT No.001

J-1-17S-34E

30-025-24176-00-00

Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
03/11/2010	Pressure Test	Sylvia Dickey	Yes	No	6/14/2010	iSAD1007038580
Comments on Inspection: PT OKAY; TOP FLANGE ON WELLHEAD COMMENCED TO LEAK 21 MINUTES INTO PRESSURE TEST; ****OPERATOR IN VIOLATION OF 19.15.26.10*****						

NORTH VACUUM ABO NORTH UNIT No.001

F-1-17S-34E

30-025-24487-00-00

Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
03/11/2010	Pressure Test	Sylvia Dickey	Yes	No	6/14/2010	iSAD1007041551
Comments on Inspection: ***NO PRESSURE TEST WELLHEAD IS LEAKING AT TUBING MASTER VALVE CONNECTION; TOP FLANGE AND BOTTOM FLANGE; ALSO ACCUMULATION OF OIL ON SURFACE AROUND BOTTOM FLANGE; ****OPERATOR IN VIOLATION OF NMOCD RULE 19.15.26.10*****						

NORTH VACUUM ABO NORTH UNIT No.001

D-1-17S-34E

30-025-25059-00-00

Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
03/11/2010	Pressure Test	Sylvia Dickey	Yes	No	6/14/2010	iSAD1007037508
Comments on Inspection: ****NO PRESSURE TEST TAKEN; MASTER TUBING VALVE ON WELLHEAD IS LEAKING; ***OPERATOR IN VIOLATION OF NMOCD RULE 19.15.26.10****						

NORTH VACUUM ABO NORTH UNIT No.001

B-2-17S-34E

30-025-25066-00-00

Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
03/11/2010	Pressure Test	Sylvia Dickey	Yes	No	6/14/2010	iSAD1007048810
Comments on Inspection: ****FAILED PT; TOP FLANGE ON WELLHEAD COMMENCED TO LEAK WHILE PRESSURING UP STOPPED TEST; ***OPERATOR IN VIOLATION OF NMOCD RULE 19.15.26.10****						

NORTH VACUUM ABO NORTH UNIT No.002

O-36-16S-34E

30-025-25170-00-00

Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
03/12/2010	Bradenhead	Sylvia Dickey	Yes	No	6/15/2010	iSAD1007132073
Comments on Inspection: ****OPERATOR HAS HOSE ON SURFACE PRIOR SALT STAINED AREA WHERE HOSE RELEASES FLUID *****FAIL DUE TO SURFACE; OPERATOR NEEDS TO MONITOR FLUID ON SURFACE DETERMINE IF CONTINUOUS PROBLEM; SURFACE ISSUES MUST BE ADDRESSED DUE TO GROUND WATER DEPTH***OPERATOR IN VIOLATION OF NMOCD RULE 19.15.26.10****						

NORTH VACUUM ABO NORTH UNIT No.001

F-2-17S-34E

30-025-25378-00-00

Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
03/11/2010	Pressure Test	Sylvia Dickey	Yes	No	6/14/2010	iSAD1007053611
Comments on Inspection: PT FAILURE****NIPPLE ON WELLHEAD ASSEMBLY NEEDS TO BE REPAIRED ***OPERATOR IN VIOLATION OF NMOCD RULE 19.15.26.10*****						

NORTH VACUUM ABO NORTH UNIT No.003

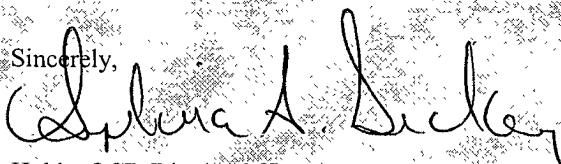
O-2-17S-34E

30-025-29192-00-00

Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
03/11/2010	Pressure Test	Sylvia Dickey	Yes	No	6/14/2010	iSAD1007040403
Comments on Inspection: WHILE PERFORMING PRESSURE TEST STARTING AT 540 PSI, TOP FLANGE ON WELLHEAD COMMENCED TO LEAK 6 MINUTES WITHIN PRESSURE TEST; ENDING PRESSURE 500 PSI; FAILED PT; *****OPERATOR IN VIOLATION OF NMOCD RULE 19.15.26.10*****						

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

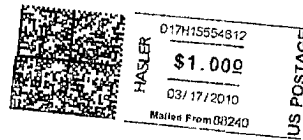


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03/17/2010
Mailed From 88240

US POSTAGE

SHERIDAN PRODUCTION COMPANY
ATTN MARK MCCOOL-OPER MGR
9 GREENWAY PLAZA
STE 1300
HOUSTON, TX 77046

EMNRD
OIL CONSERVATION DIVISION
1625 N FRENCH DRIVE
HOBBS NM 88240



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200 N. LORAIN, STE 530
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