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"

30-Apr-10

OCCIDENTAL PERMIAN LTD.
ATTN: GLEN HUBBARD
1017 W. STANOLIND RD.
HOBBS, NM 88240

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

SOUTH HOBBS G/SA UNIT No.063 — C-9-19S-38E — 30-025-07662-00-00

Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
04/27/2010	Bradenhead	Sylvia Dickey	Yes	No	7/31/2010	iSAD1011737436

Comments on Inspection: TUBING VALVE NEEDS TO BE REPLACED; ****OPERATOR IN VIOLATION OF NMOCD RULE 19.15.26.10****

NORTH HOBBS G/SA UNIT No.323G — G-32-18S-38E — 30-025-26973-00-00

Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
04/21/2010	Bradenhead	Sylvia Dickey	Yes	No	7/25/2010	iSAD1011135630

Comments on Inspection: TUBING VALVE LEAKING CO2; ****OPERATOR IN VIOLATION OF NMOCD RULE 19.15.26.10****

NORTH HOBBS G/SA UNIT No.212 — C-24-18S-37E — 30-025-29129-00-00

Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
04/19/2010	Bradenhead	Sylvia Dickey	Yes	No	7/23/2010	iSAD1010945459

Comments on Inspection: O-RING IS LEAKING ON TUBING; PER GLEN W/FIX IMMEDIATELY; ****OPERATOR IN VIOLATION OF NMOCD RULE 19.15.26.10****

NORTH HOBBS G/SA UNIT No.423 — H-32-18S-38E — 30-025-29198-00-00

Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
04/21/2010	Bradenhead	Sylvia Dickey	Yes	No	7/25/2010	iSAD1011136480

Comments on Inspection: TUBING VALVE LEAKING; ****OPERATOR IN VIOLATION OF NMOCD RULE 19.15.26.10****
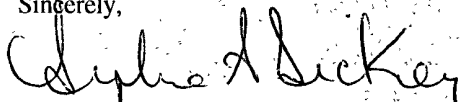
NORTH HOBBS G/SA UNIT No.637 — B-24-18S-37E — 30-025-37101-00-00

Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
04/19/2010	Bradenhead	Sylvia Dickey	Yes	No	7/23/2010	iSAD1010938950

Comments on Inspection: LEAK ON TUBING VALVE GLEN W/FIX IMMEDIATELY; ****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 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.
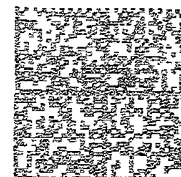
Sincerely,

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.

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