



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 the Environment"*

01-Jul-10

MCDONNOLD OPERATING INC

505 N BIG SPRING SU 204

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

ROBERNE 16 STATE COM No.001

P-16-23S-36E

30-025-36291-00-00

| Inspection Date | Type Inspection | Inspector | Violation? | *Significant Non-Compliance? | Corrective Action Due By: | Inspection No. |
|----------------------------|------------------|---------------|------------|---------------------------------|------------------------------|----------------|
| 06/30/2010 | Routine/Periodic | Mark Whitaker | Yes | No | 8/3/2010 | iMAW1018140390 |
| Violations | | | | | | |
| Surface Damage/Restoration | | | | | | |

Comments on Inspection: DO NOT RELEASE BOND. Dry hole marker okay. Operator has not filed subsequent C103 on plugging. 1 year has lapsed since well has plugged. NEED TO FILE SUBSEQUENT C103 ON PLUGGING. NEED TO REMOVE PILE OF DEBRIS AT MARKER AND FILE C103 TO REQUEST INSPECTION OF LOCATION FOR RELEASE. 1st notice

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.

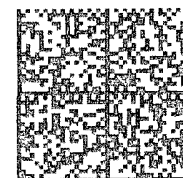
Sincerely,


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



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505 NORTH BIG SPRING
SUITE 204
MIDLAND, TX 79701