



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

*Oil Conservation Division
Presenting the following information*

19-Jul-10

PRIMAL ENERGY CORPORATION

21021 SPRINGBROOK PLAZA DR. SUITE 160

SPRING TX 77379

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

JUDY No.001				C-7-25S-37E	30-025-24641-00-00	
Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
07/19/2010	Routine/Periodic	Mark Whitaker	Yes	No	10/22/2010	iMAW1020039729
Violations						
Absent Well Identification Signs (Rule 103)						
Comments on Inspection: No well Sign (Rule 19.15 16.8) NEED TO INSTALL WELL SIGN AT WELLHEAD AND BATTERY W/ EMERGENCY CONTACT NUMBER 1st notice						

HARRISON No.002				H-7-25S-37E	30-025-24749-00-00	
Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
07/19/2010	Routine/Periodic	Mark Whitaker	Yes	No	10/22/2010	iMAW1020041358
Violations						
Absent Well Identification Signs (Rule 103)						
Comments on Inspection: Power off No operator listed on well sign NEED TO CORRECT WELL SIGN. 1st notice.						

JUDY No.003				F-7-25S-37E	30-025-26262-00-00	
Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
07/19/2010	Routine/Periodic	Mark Whitaker	Yes	No	10/22/2010	iMAW1020039066
Violations						
Absent Well Identification Signs (Rule 103)						
Comments on Inspection: Well sign not legible (Rule 19 15.16.8). NEED TO REPLACE WELL SIGN 1st notice						

PAPOOSE No.001

B-7-25S-37E

30-025-30612-00-00

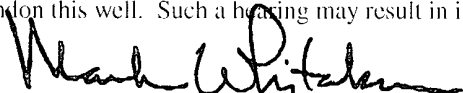
Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
07/19/2010	Routine/Periodic	Mark Whitaker	Yes	No	10/22/2010	iMAW1020041899

Violations

Absent Well Identification Signs (Rule 103)

Comments on Inspection: No operator listed on well sign (Rule 19 115.16.8). NEED TO CORRECT WELL SIGN AND MOVE CLOSER TO WELL. 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.



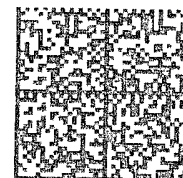
Sincerely,

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



HASLER
017H15554612
\$0.440
07/19/2010
Mailed From 88240
US POSTAGE

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SUITE 160
SPRING, TX 77379