



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor

Jim Noel
Cabinet Secretary
Karen W. Garcia
Deputy Cabinet Secretary

Mark E. Fesmire, P.E.
Director
Oil Conservation Division

Response Required – Deadline Enclosed

Field Inspection Program
"Preserving the Integrity of Our Environment"

02-Sep-10

SUMMIT RESOURCES MANAGEMENT LLC
PO BOX 6092
EDMOND OK 73083-6092

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

| AMOCO STATE No.002 | | | | M-16-4S-33E | 30-041-20544-00-00 | |
|---|------------------|--|------------|------------------------------|---------------------------|----------------|
| Inspection Date | Type Inspection | Inspector | Violation? | *Significant Non-Compliance? | Corrective Action Due By: | Inspection No. |
| 09/01/2010 | Routine/Periodic | Maxey Brown | Yes | No | 12/5/2010 | iMGB1024457444 |
| Violations | | | | | | |
| Absent Well Identification Signs (Rule 103) | | | | | | |
| Surface Leaks/Spills | | | | | | |
| Comments on Inspection: | | Well Sign (Rule 19.15.16.8). NEED CURRENT OPERATOR ON SIGN. ALSO ADDRESS OIL STAINING AROUND WELLHEAD. THIS IS 1ST LETTER OF NON-COMPLIANCE. | | | | |

| AMOCO STATE No.003 | | | | E-16-4S-33E | 30-041-20555-00-00 | |
|---|------------------|--|------------|------------------------------|---------------------------|----------------|
| Inspection Date | Type Inspection | Inspector | Violation? | *Significant Non-Compliance? | Corrective Action Due By: | Inspection No. |
| 09/01/2010 | Routine/Periodic | Maxey Brown | Yes | No | 12/5/2010 | iMGB1024457208 |
| Violations | | | | | | |
| Absent Well Identification Signs (Rule 103) | | | | | | |
| Comments on Inspection: | | Well Sign (Rule 19.15.16.8). NEED CURRENT OPERATOR ON SIGN. ALSO ADDRESS OIL STAINING AROUND WELLHEAD. THIS IS 1ST LETTER OF NON-COMPLIANCE. | | | | |

PEARL JORDAN No.003

P-17-4S-33E

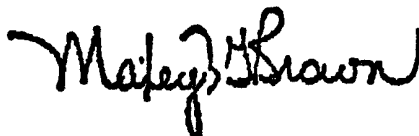
30-041-20593-00-00

| Inspection Date | Type Inspection | Inspector | Violation? | *Significant Non-Compliance? | Corrective Action Due By: | Inspection No. |
|---|------------------|-------------|------------|------------------------------|---------------------------|----------------|
| 09/01/2010 | Routine/Periodic | Maxey Brown | Yes | No | 12/5/2010 | iMGB1024455418 |
| Violations | | | | | | |
| Absent Well Identification Signs (Rule 103) | | | | | | |
| Surface Leaks/Spills | | | | | | |

Comments on Inspection: FOLLOWUP ON COMPLAINT FROM WAYNE KINMAN-RANCHER IN REFERENCE TO FLOWLINE LEAK. NEED TO SUBMIT C-141 TO GEOFFREY LEKING (575-393-6161 EXT 113), HOBBS OCD DISTRICT 1 OFFICE FOR APPROVAL. RULE 19.15.29.8. ALSO NEED TO ADDRESS RELEASES AT TANK BATTERY. SEE PHOTOS-LOAD LINE, SUMP, AREA NORTHEAST OF HEATER TREATER AND AROUND WELLHEAD. SIGN AT WELL NEEDS CURRENT OPERATOR AND API#, RULE 19.15.16.8. NEED TO INSTALL SIGN AT TANK BATTERY, RULE 19.15.18.16. THIS IS 1ST LETTER OF NON-COMPLIANCE.

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

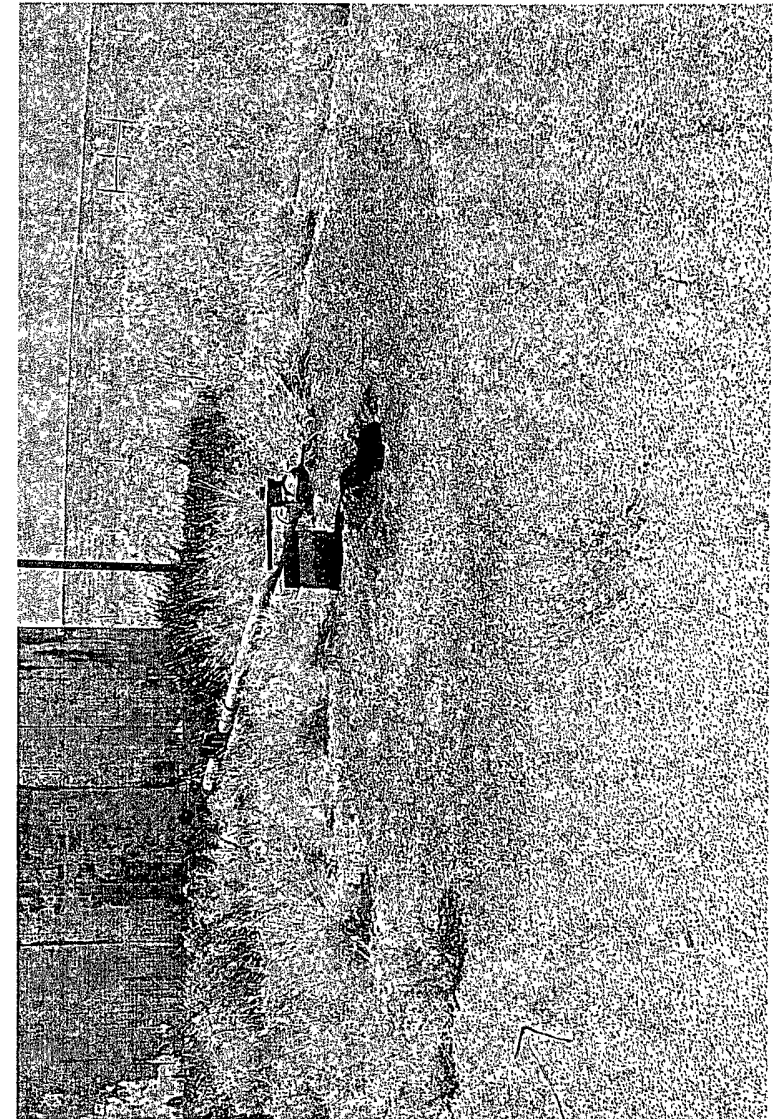
Note: Information in Detail Section comes directly from field inspector data entries - not all blanks will contain data.

*Significant Non-Compliance events are reported directly to the EPA, Region VI, Dallas, Texas.

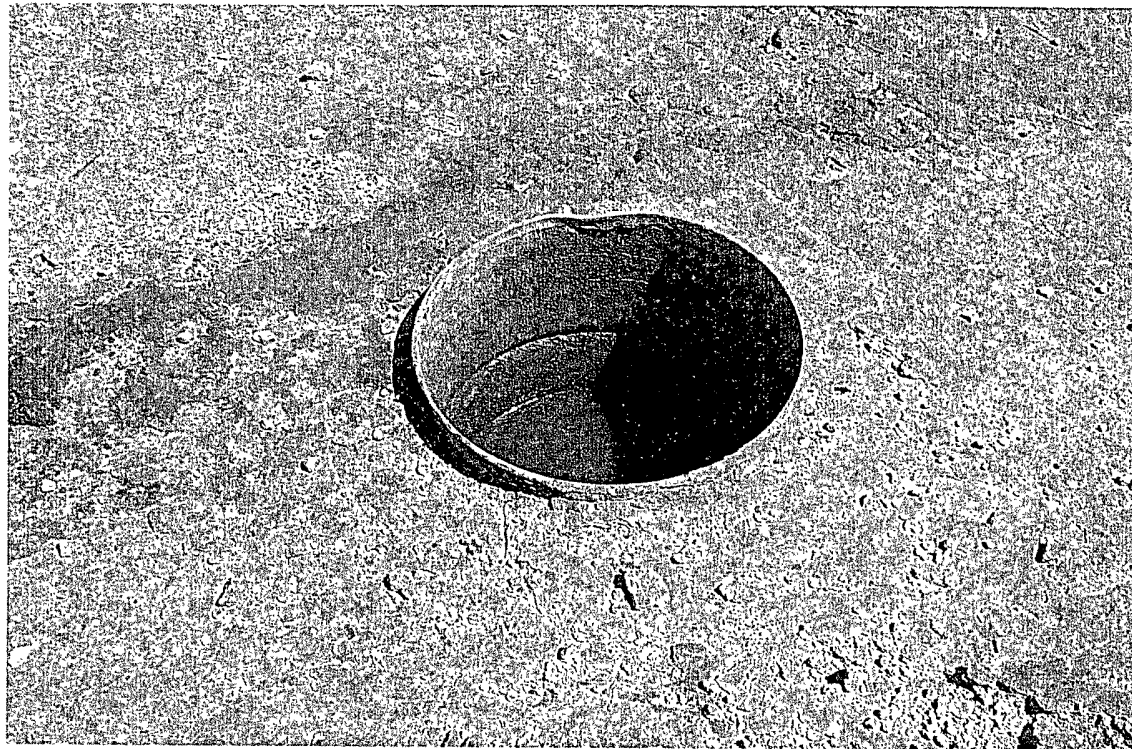
SUMMIT RESOURCES INC.
PEARL JORDAN #3 AND T/B.
P 17-4S-33E 30-04-20593



FLOWLINE LEAK 4' X 300' +/-



LOADLINE

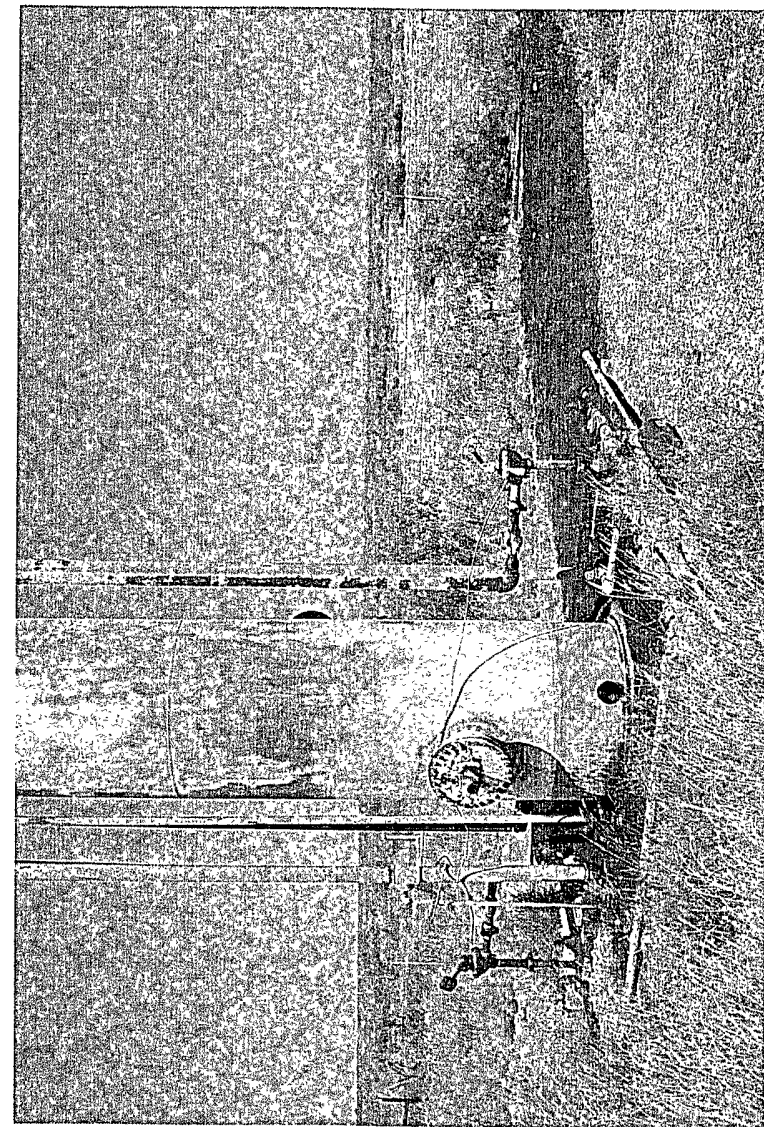


SUMP
←

TREATER
LEAK
↓

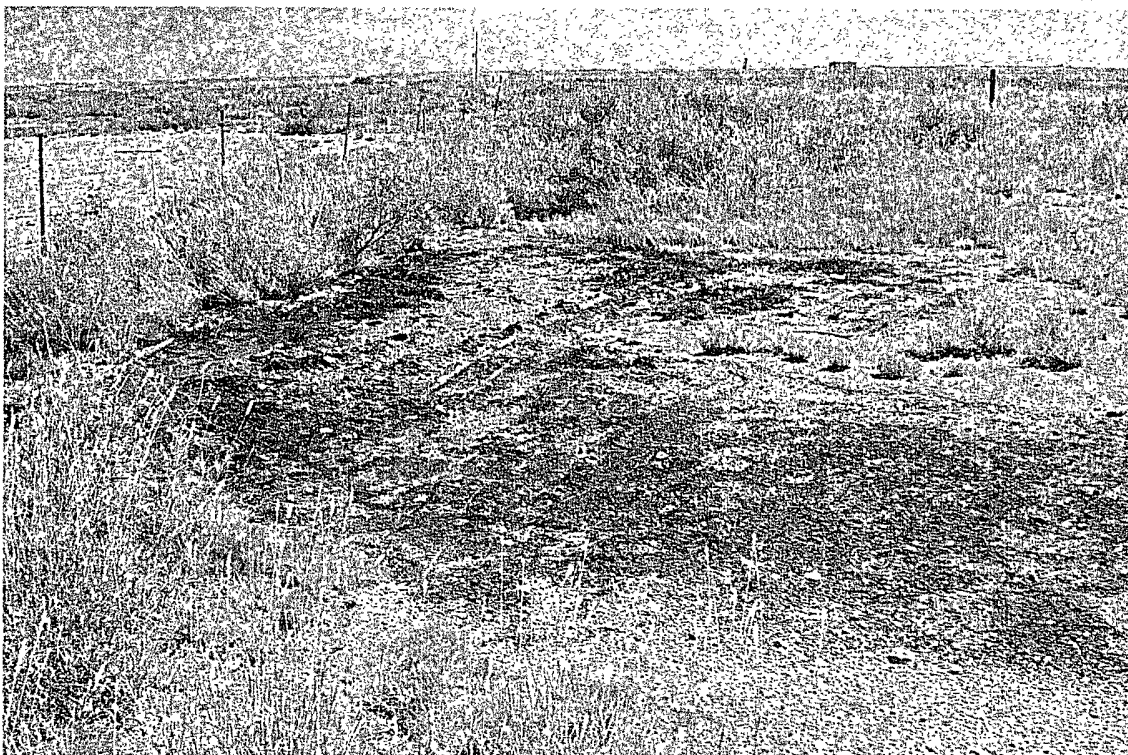
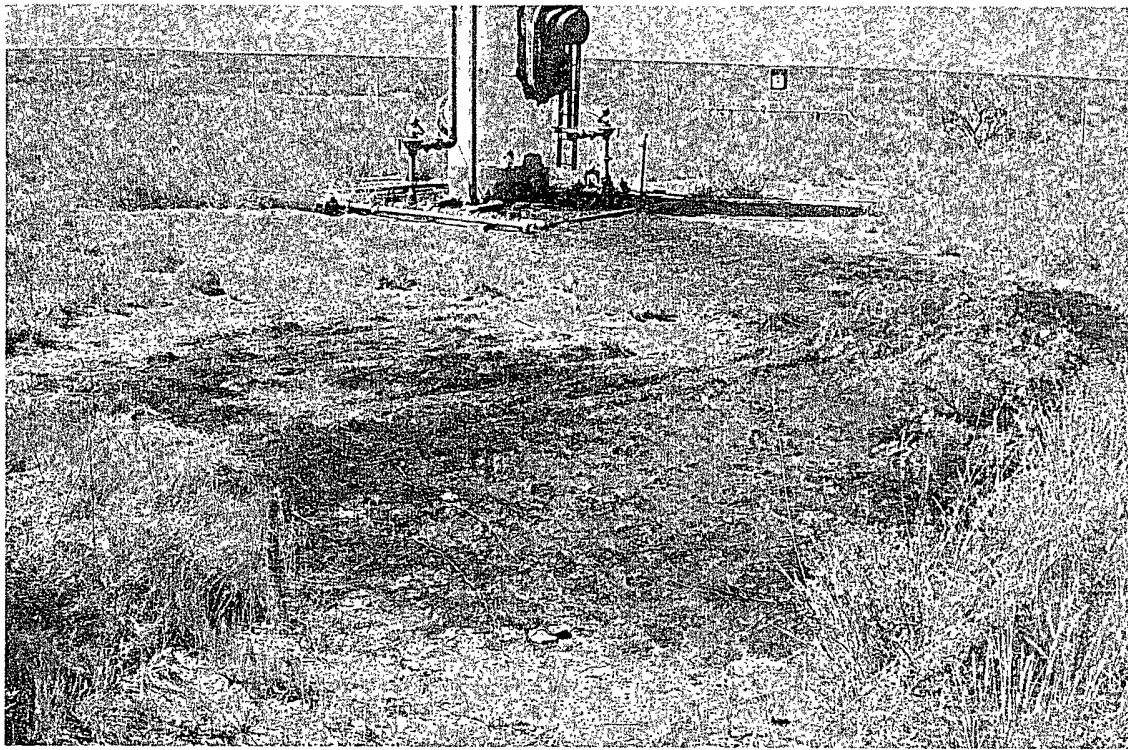


LOADLINE
←



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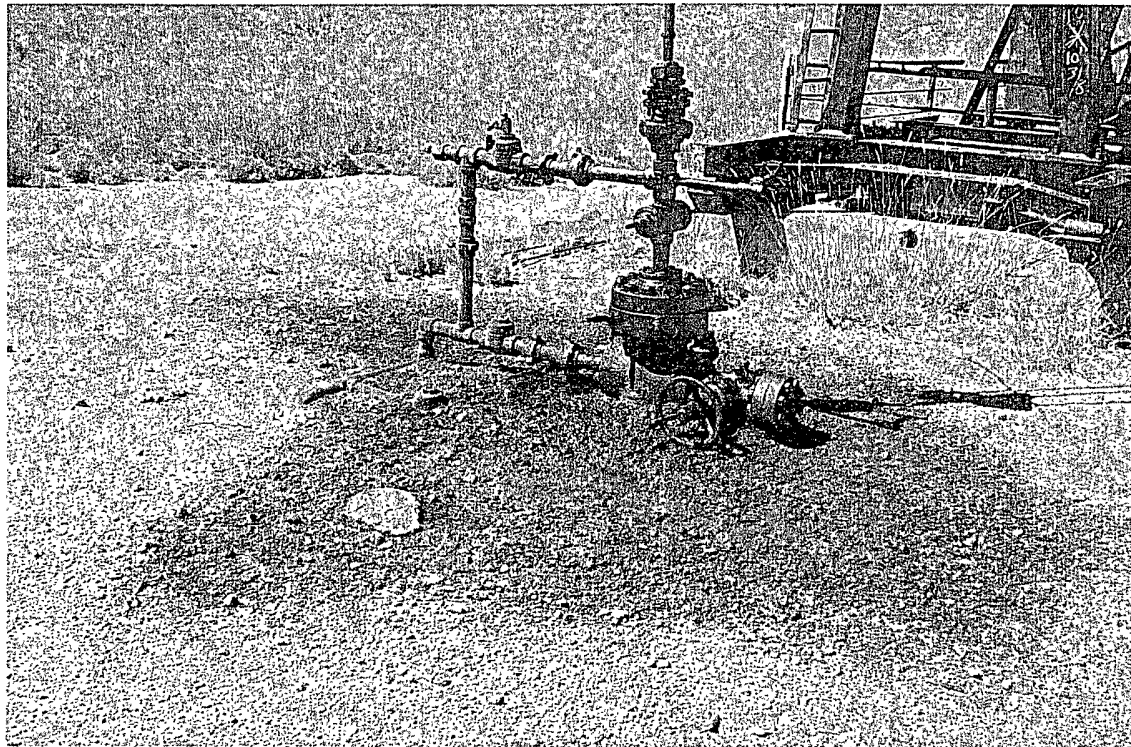
9/1/2010



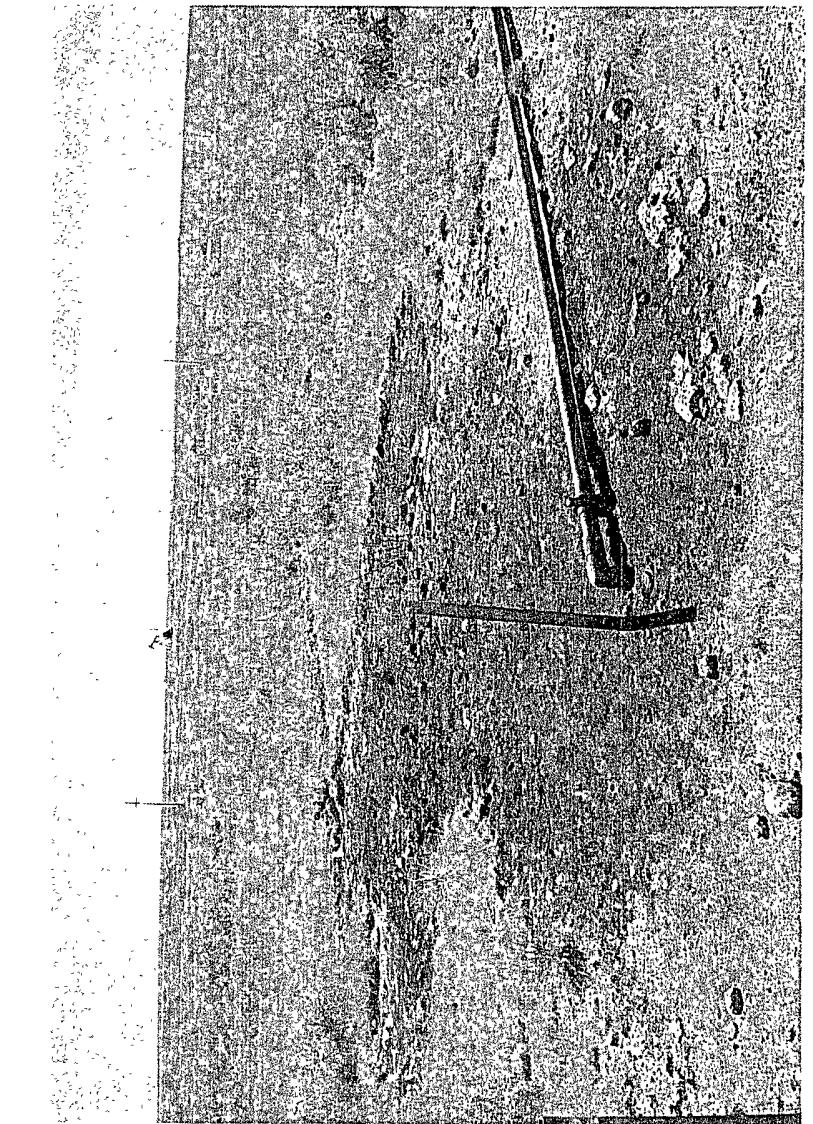
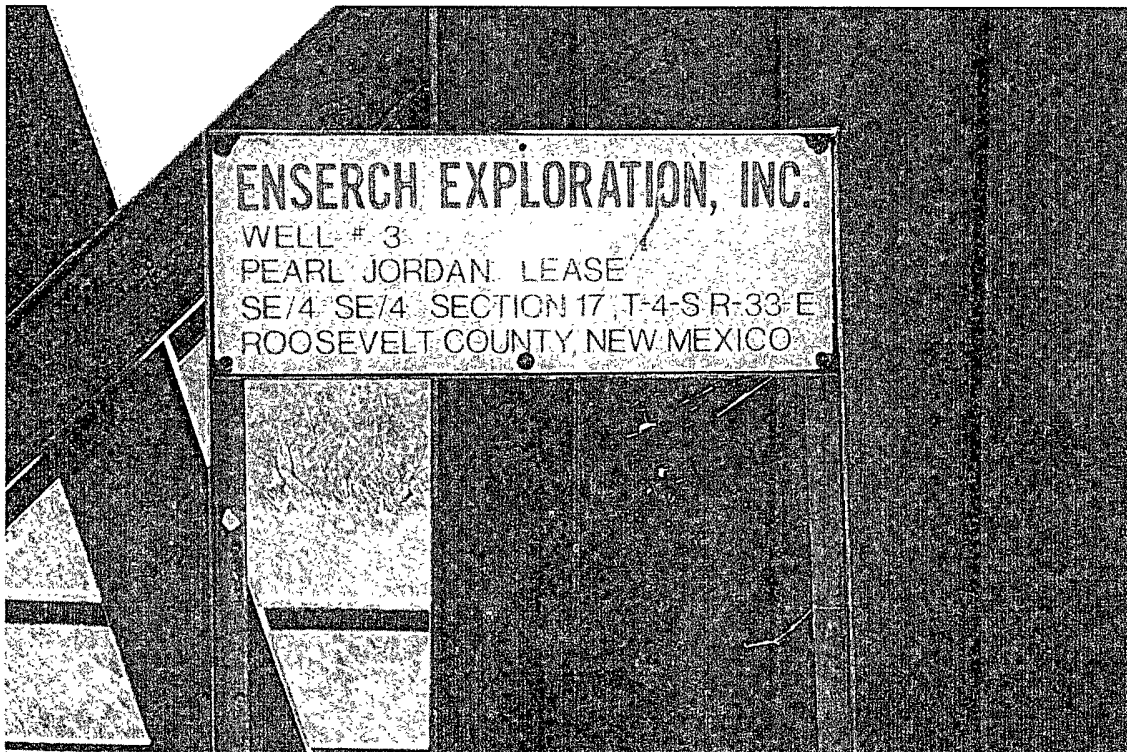
SUMMIT
PEARL JORDAN
TANK BATTERY

← AREA NE OF HEATER TREATER
↙

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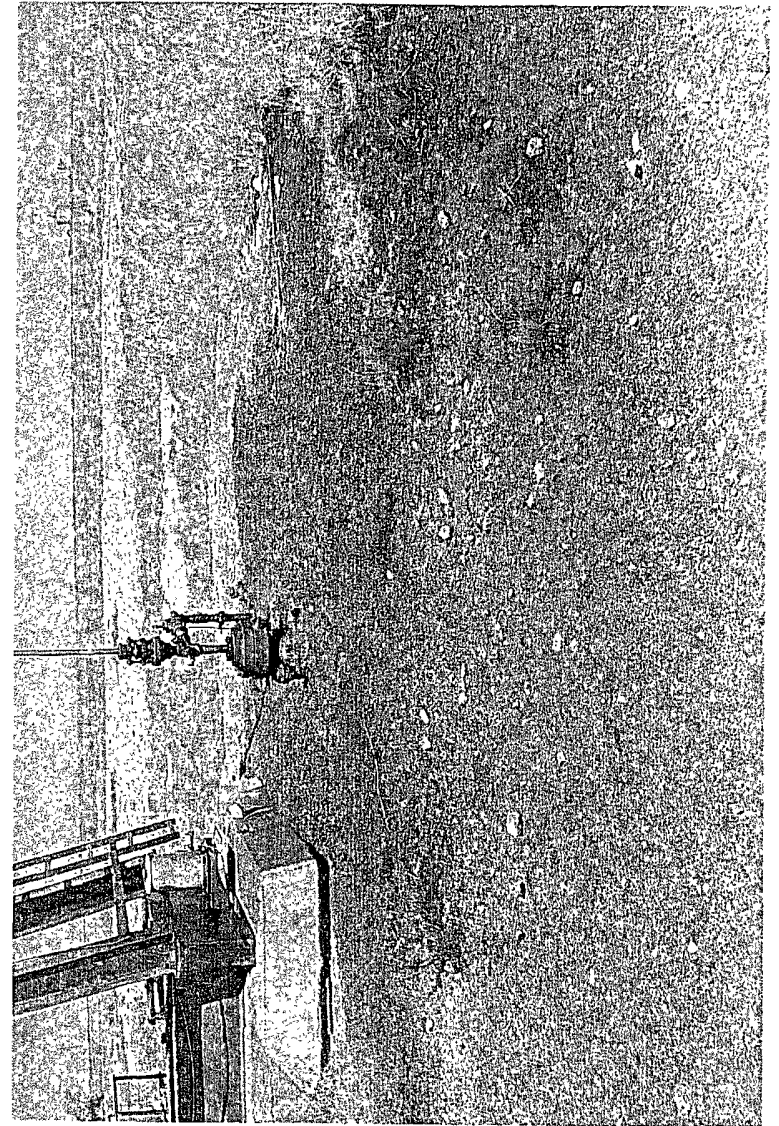
AREA AROUND WELLHEAD
←



SIGN AT WELL - INCORRECT.
←

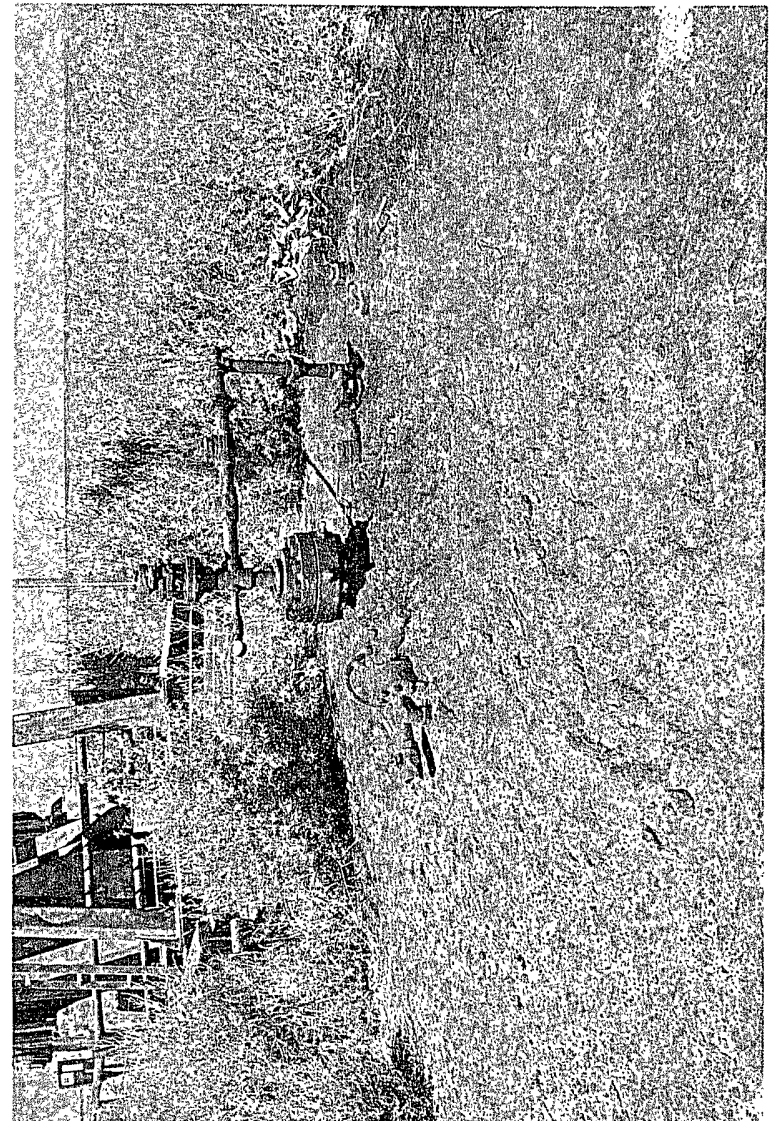
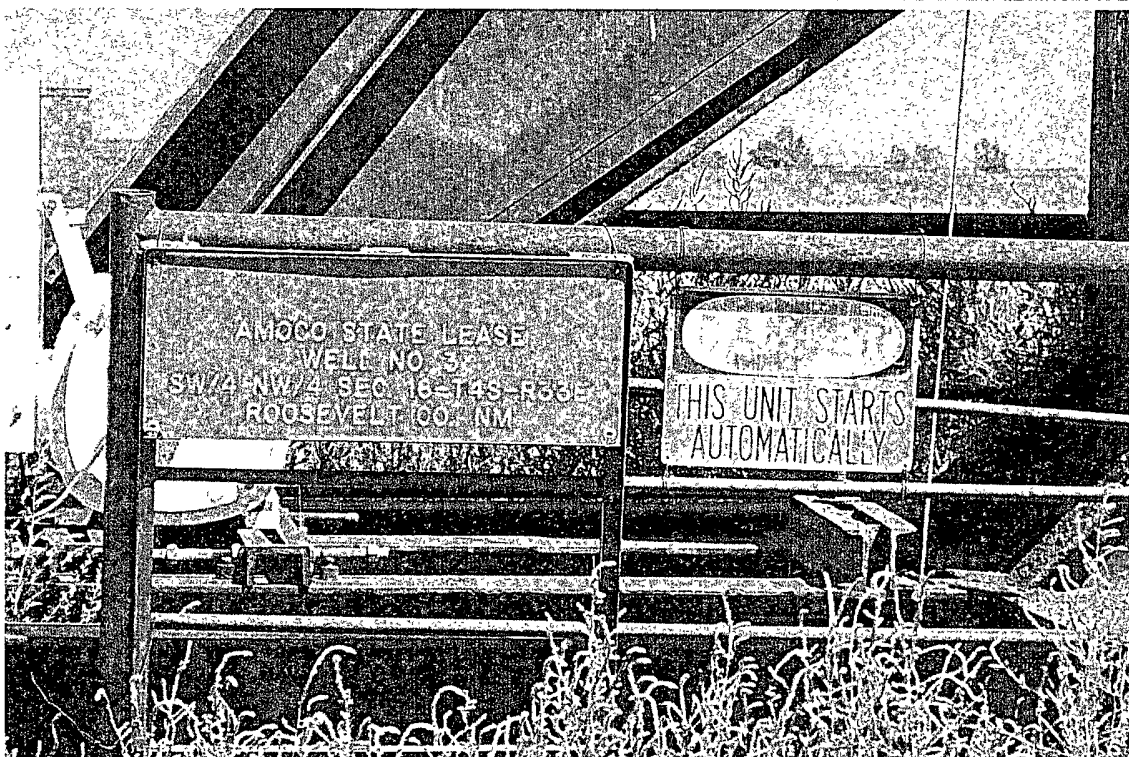
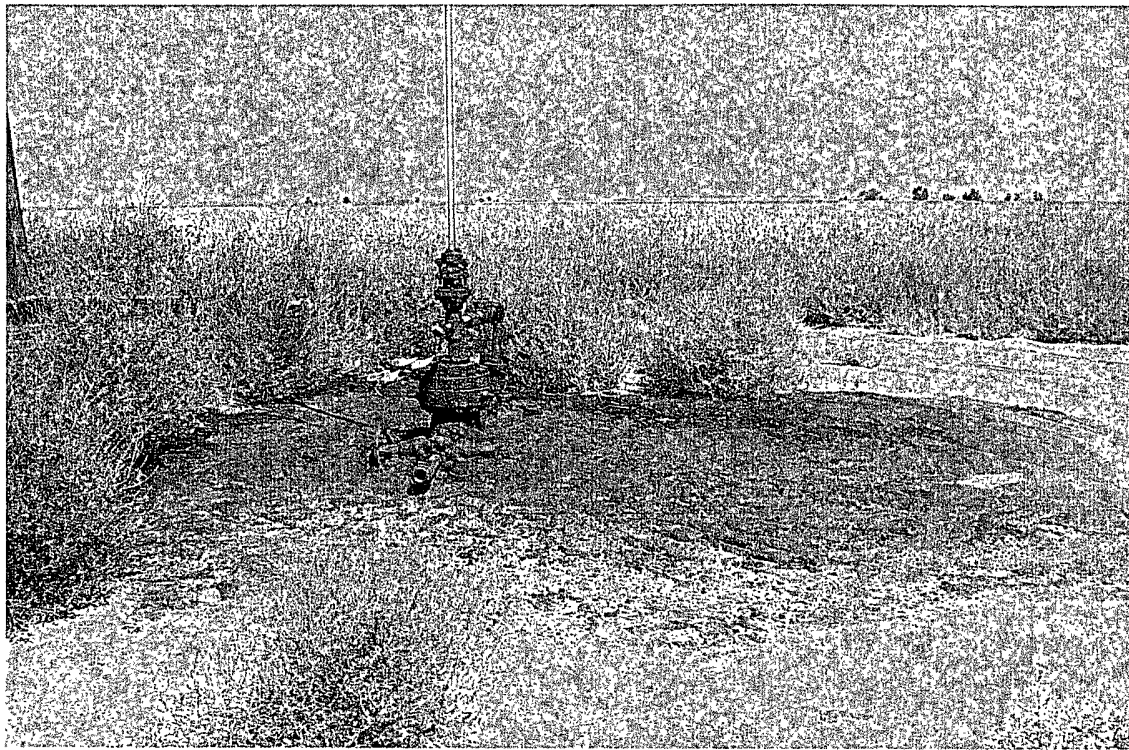
Pg 4

9/1/2010



Pg 5

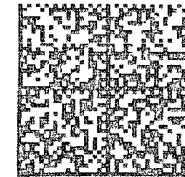
9/1/2010



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9/1/2010

EMNRD
OIL CONSERVATION DIVISION
1625 N FRENCH DRIVE
HOBBS NM 88240



| | |
|--------|-------------------|
| HASLER | 017H15554612 |
| | \$0.610 |
| | 09/02/2010 |
| | Mailed From 88240 |

US POSTAGE

SUMMIT RESOURECES MANAGEMENT LLC
PO BOX 6092
EDMOND OK 73083-6092