



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

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Jim Noel

Cabinet Secretary

Karen W. Garcia

Deputy Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

Field Inspection Program

"Protecting the Integrity of Our Environment"

06-Oct-10

HARVARD PETROLEUM COMPANY, LLC

PO Box 936 200 E. Second

Roswell NM 88202

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

| STATE IG No.001 | | | | B-32-23S-32E | 30-025-27136-00-00 | | |
|--------------------------------|------------------|---|------------|------------------------------|---------------------------|----------------|--|
| Inspection Date | Type Inspection | Inspector | Violation? | *Significant Non-Compliance? | Corrective Action Due By: | Inspection No. | |
| 10/05/2010 | Routine/Periodic | Mark Whitaker | Yes | No | 12/31/2010 | iMAW1027847807 | |
| | | Violations | | | | | |
| | | Absent Well Identification Signs (Rule 103) | | | | | |
| | | Surface Damage/Restoration | | | | | |
| Comments on Inspection: | | Well sign not legible (Rule 19.15.16 8). Contaminated soil piled up behind battery. Below ground sump (19 15 17.9 B 4). NEED TO REPLACE WELL SIGN. REMOVE AND PROPERLY DISPOSE OF CONTAMINATED SOIL. CONTACT ENVIRONMENTAL SPECIALIST IN HOBBS DISTRICT OFFICE REGARDING REMOVAL OF BELOW GROUND SUMP. 1ST NOTICE | | | | | |

| STATE IG No.002 | | | | G-32-23S-32E | 30-025-37176-00-00 | | |
|--------------------------------|------------------|--|------------|------------------------------|---------------------------|----------------|--|
| Inspection Date | Type Inspection | Inspector | Violation? | *Significant Non-Compliance? | Corrective Action Due By: | Inspection No. | |
| 10/05/2010 | Routine/Periodic | Mark Whitaker | Yes | No | 11/5/2010 | iMAW1027846680 | |
| | | Violations | | | | | |
| | | Absent Well Identification Signs (Rule 103) | | | | | |
| Comments on Inspection: | | Incorrect API number on well sign. Should be 30-25-37176 not 30-025-35959. Need to correct sign. 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.

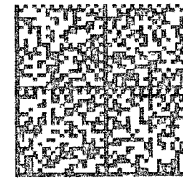
Sincerely,


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
10/06/2010
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ROSWELL, NM 88202