



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

*Oil Conservation Division
New Mexico Energy, Minerals and Natural Resources Department*

07-Oct-10

TRILOGY OPERATING INC
P. O. BOX 7606
MIDLAND TX 79708

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

GENESIS STATE No.001				P-18-20S-36E	30-025-34553-00-00	
Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
10/06/2010	Routine/Periodic	Mark Whitaker	Yes	No	11/5/2010	iMAW1027957407
		Violations				
		Surface Damage/Restoration				
Comments on Inspection:		DO NOT RELEASE Range on dry hole marker incorrect. Should be R36E not R39E NEED TO CORRECT MARKER. 1st notice.				

EMERALD No.003				I-24-19S-38E	30-025-35446-00-00	
Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
10/07/2010	Routine/Periodic	Mark Whitaker	Yes	No	11/30/2010	iMAW1028044534
		Violations				
		Absent Well Identification Signs (Rule 103)				
Comments on Inspection:		No well sign (Rule 10 15 16.8). NEED TO INSTALL WELL SIGN 1st notice.				

DIAMOND No.002				C-24-19S-38E	30-025-36091-00-00	
Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
10/07/2010	Routine/Periodic	Mark Whitaker	Yes	No	11/30/2010	iMAW1028045210
		Violations				
		Absent Well Identification Signs (Rule 103)				
Comments on Inspection:		No well sign (Rule 10.15.16.8). NEED TO INSTALL WELL SIGN. 1st notice				

Oil Conservation Division : 1625 N French Drive Hobbs, New Mexico 88240

Phone 575-393-6161 * Fax 575-393-0720 <http://www.emnrd.state.nm.us>

SAPPHIRE No.003

H-24-19S-38E

30-025-36142-00-00

Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
10/07/2010	Routine/Periodic	Mark Whitaker	Yes	No	11/30/2010	iMAW1028044739
Violations Absent Well Identification Signs (Rule 103)						
Comments on Inspection: No well sign (Rule 10.15 16 8). NEED TO INSTALL WELL SIGN. 1st notice.						

PHILLIPS No.001

E-19-19S-39E

30-025-36144-00-00

Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
10/07/2010	Routine/Periodic	Mark Whitaker	Yes	No	11/30/2010	iMAW1028047988
Violations Absent Well Identification Signs (Rule 103)						
Comments on Inspection: No well or battery sign (Rule 10.15,16.8). NEED TO INSTALL WELL SIGNS. 1st notice						

DIAMOND No.003

D-24-19S-38E

30-025-36221-00-00

Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
10/07/2010	Routine/Periodic	Mark Whitaker	Yes	No	11/30/2010	iMAW1028046002
Violations Absent Well Identification Signs (Rule 103)						
Comments on Inspection: No well sign (Rule 10.15 16 8). NEED TO INSTALL WELL SIGN. 1st notice.						

DIAMOND No.004

E-24-19S-38E

30-025-36327-00-00

Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
10/07/2010	Routine/Periodic	Mark Whitaker	Yes	No	11/30/2010	iMAW1028045791
Violations Absent Well Identification Signs (Rule 103)						
Comments on Inspection: No well sign (Rule 10.15,16.8). NEED TO INSTALL WELL SIGN. 1st notice						

SCHUBERT FARMS No.001

B-25-19S-38E

30-025-37548-00-00

Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
10/07/2010	Routine/Periodic	Mark Whitaker	Yes	No	11/30/2010	iMAW1028047560
Violations Absent Well Identification Signs (Rule 103)						
Comments on Inspection: No well sign (Rule 10.15 16.8). NEED TO INSTALL WELL 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,

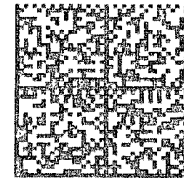


COMPLIANCE OFFICER

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	US POSTAGE
	\$0.44	
	10/07/2010	
	Mailed From 88240	

TRILOGY OPERATING INC
P O BOX 7606
MIDLAND, TX 79708