

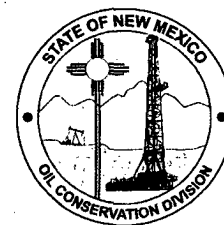


New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

Jim Noel
Cabinet Secretary
Karen W. Garcia
Deputy Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



Response Required – Deadline Enclosed

Field Inspection
"Preserving the Integrity of Our Environment"

16-Dec-10

CHEVRON U S A INC
15 SMITH ROAD
MIDLAND TX 79705

CHEVRON USA INC.
HCR 60 BOX 423
LOVINGTON, NM 88260

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

WEST VACUUM UNIT No.045

B-3-18S-34E 30-025-02283-00-00

Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
11/17/2010	Bradenhead	Sylvia Dickey	Yes	No	3/30/2011	iSAD1032133472
Comments on Inspection: SURFACE AROUND WELLHEAD HAS DISCOLORED DIRT W/ SULFURIC SMELL; CHECKED DIRT AROUND CASING IS GRAY AND HAS SMELL; POSSIBLE SMALL PINHOLE LEAK AROUND TOP CASING						

CENTRAL VACUUM UNIT No.010

F-30-17S-35E 30-025-02951-00-00

Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
11/09/2010	Bradenhead	Sylvia Dickey	Yes	No	3/30/2011	iSAD1031361625
Comments on Inspection: *****NO WELL SIGN*****1ST NOTICE OF VIOLATION*****OPERATOR IN VIOLATION OF NMOC D RULE 19.15.16.8*****						

CENTRAL VACUUM UNIT No.044

D-31-17S-35E 30-025-25719-00-00

Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
11/04/2010	Bradenhead	Sylvia Dickey	Yes	No	3/30/2011	iSAD1034941277
Comments on Inspection: MASTER TUBING VALVE LEAKS; ***OPERATOR IN VIOLATION OF NMOC D RULE 19.15.26.10***** OPERATOR AND MAINTENANCE						

Oil Conservation Division * 1625 N. French Dr.*

* Hobbs, New Mexico 88240

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



CENTRAL VACUUM UNIT No.108

G-6-18S-35E 30-025-25797-00-00

Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
11/02/2010	Bradenhead	Sylvia Dickey	Yes	No	3/30/2011	iSAD1030644458
Comments on Inspection: NO WeLL Sign (Rule 103).*****OPERATOR IN VIOLATION OF NMOCD RULE 19.15.16.8*****						

CENTRAL VACUUM UNIT No.157

M-25-17S-34E 30-025-27967-00-00

Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
11/05/2010	Bradenhead	Sylvia Dickey	Yes	No	3/30/2011	iSAD1030953770
Comments on Inspection: OVER PRESSURE LIMIT*****APPROVED PRESSURE LIMIT IS 1425# *****OPERATOR IN VIOLATION OF NMOCD RULE 19.15.26.10 **OPERATION & MAINTENANCE-VIOLATION OF PERMIT *****						

CENTRAL VACUUM UNIT No.207

F-6-18S-35E 30-025-32809-00-00

Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
11/02/2010	Bradenhead	Sylvia Dickey	Yes	No	3/30/2011	iSAD1030636914
Comments on Inspection: WELL SIGN INCORRECT; UNIT LETTER NEEDS TO BE CORRECTED TO UNIT LETTER 'F', NOT G; *****OPERATOR IN VIOLATION OF NMOCD RULE 19.15.16.8 *****						

VACUUM GRAYBURG SAN ANDRES UNIT No.438

A-1-18S-34E 30-025-38785-00-00

Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
11/10/2010	Bradenhead	Sylvia Dickey	Yes	No	3/30/2011	iSAD1031453529
Comments on Inspection: *****FLANGE ON TUBING VALVE IS LEAKING C02 ***** OPERATOR IN VIOLATION OF OPER & MAINTENANCE 19.15.26.10*****						

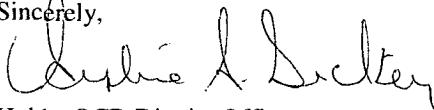
VACUUM GRAYBURG SAN ANDRES UNIT No.441

D-1-18S-34E 30-025-38788-00-00

Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
11/10/2010	Bradenhead	Sylvia Dickey	Yes	No	3/30/2011	iSAD1031448386
Comments on Inspection: ****WRONG API NUMBER ON WELL SIGN SHOWS 30-025-38787; SHOULD STATE 30-025-38788**** OPERATOR IN VIOLATION OF NMOCD RULE 19.15.16.8****						

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

ERVATION DIVISION
NCH DRIVE
I 88240



015H14150977
HASLER
\$1.56
12/17/10
Milled From 88240

US POSTAGE

CHEVRON USA INC.
ATTN: COMPLIANCE/REGULATIONS
15 SMITH ROAD
MIDLAND, TX 79705

ERVATION DIVISION
NCH DRIVE
I 88240



01EH14150977
\$1.56
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US POSTAGE

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HCR 60 BOX 423
LOVINGTON, NM 88260