



# NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

**Susana Martinez**  
Governor

**Harrison H. Schmitt**  
Cabinet Secretary-Designate

**Daniel Sanchez**  
Acting Division Director  
Oil Conservation Division

*Field Inspection Program*  
*"Preserving the Integrity of Our Environment"*

20-Jan-11

**XOG OPERATING LLC**  
1801 W TEXAS  
MIDLAND TX 79701

## 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.

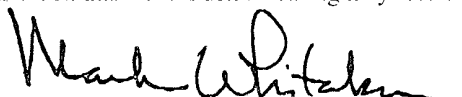
### INSPECTION DETAIL SECTION

STATE BD 36 No.001			J-36-22S-37E	30-025-10589-00-00		
Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
01/20/2011	Routine/Periodic	Mark Whitaker	Yes	No	4/25/2011	iMAW1102038007
<b>Violations</b>						
Absent Well Identification Signs (Rule 103)						
Idle well (Rule 201)						
<b>Comments on Inspection:</b>		Idle Well (Rule 19.15.25.8). No production reported in over 18 months. Well sign has incorrect API number (Rule 19.15.16.8). NEED TO CORRECT WELL SIGN. NEED TO RETURN WELL TO PRODUCTION. APPLY FOR T/A STATUS. OR PLUG AND ABANDON. 1st notice. MW				

STATE BD 36 No.002			P-36-22S-37E	30-025-21456-00-00		
Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
01/20/2011	Routine/Periodic	Mark Whitaker	Yes	No	4/25/2011	iMAW1102038483
<b>Violations</b>						
Absent Well Identification Signs (Rule 103)						
Idle well (Rule 201)						
<b>Comments on Inspection:</b>		Idle Well (Rule 19.15.25.8). No production reported in over 18 months. Well sign has incorrect township (Rule 19.15.16.8). NEED TO CORRECT WELL SIGN. NEED TO RETURN WELL TO PRODUCTION. APPLY FOR T/A STATUS. OR PLUG AND ABANDON. 1st notice. MW				

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,

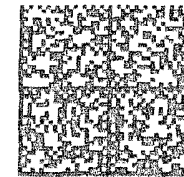
  
COMPLIANCE OFFICER

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 015H14150977  
\$0.44  
01/24/11  
Mailed From 88240  
US POSTAGE

XOG OPERATING LLC  
1801 W TEXAS  
MIDLAND, TX 79701