State of New Mexico Energy, Minerals and Natural Resources Department

Susana Martinez

Governor

David Martin

Cabinet Secretary

Tony Delfin

Deputy Cabinet Secretary

David Catanach, Director

Oil Conservation Division



Response Required - Deadline Enclosed

Field Inspection Program "Preserving the Integrity of Our Environment"

08-Jul-16

BREITBURN OPERATING LP

1401 MCKINNEY STREET SUITE 2400 HOUSTON TX 77010

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.

| DUNN B FEDERAL No.013 | | | | A-10-18S-28E | 30-015-01809-00-00 | |
|-----------------------|-------------------------------|--------------------------|--------------|--|------------------------------|----------------|
| Inspection Date | Type Inspection | Inspector | Violation? | *Significant Non-Compliance? | Corrective Action Due By: | Inspection No. |
| 07/08/2016 | Routine/Periodic | Tony Morales | Yes | No | 10/11/2016 | iTM1619042596 |
| | Violations | | | | | |
| | Absent Well Identification Si | gns (Rule 103) | | | | |
| Comments | on Inspection: OK. All E | quipment and Location in | Good Shape | . LOCATION SIGN | NOT VISIBLE. | |
| DUNN B FEDERAL No.023 | | | | D-10-18S-28E 30-015-01815-00-00 | | |
| Inspection Date | Type Inspection | Inspector | Violation? | *Significant Non-Compliance? | Corrective Action Due By: | Inspection No. |
| 07/08/2016 | Routine/Periodic | Tony Morales | Yes | No | 10/11/2016 | iTM1619035958 |
| | Violations | • | | | | |
| | Absent Well Identification Si | gns (Rule 103) | | | | |
| | General Housekeeping (Rule | | | | | |
| Comments | | quipment and Location in | n Good Shape | . PJ. LOCATION SI | GN NOT VISIBLE. | |

DUNN B FEDERAL No.018 C-11-18S-28E 30-015-01825-00-00 *Significant Corrective Inspection Violation? Inspection No. Type Inspection Date Inspector Non-Compliance? Action Due By: 07/08/2016 10/11/2016 iTM1619043230 Routine/Periodic Tony Morales Yes No Violations Absent Well Identification Signs (Rule 103) Comments on Inspection: OK. All Equipment and Location in Good Shape. LOCATION SIGN NOT VISIBLE. **DUNN B FEDERAL No.006** M-12-18S-28E 30-015-01832-00-00 Inspection *Significant Corrective Inspection No. Type Inspection Inspector Violation? Date Non-Compliance? Action Due By: 07/08/2016 10/11/2016 iTM1619047337 Routine/Periodic Tony Morales Yes No Violations Surface Leaks/Spills Comments on Inspection: OK. All Equipment and Location in Good Shape. LEAK STAINING ON FLOWLINE NE OF LOCATION. STAINED AREA APPROX 15'X 40' **DUNN B FEDERAL No.009** J-12-18S-28E 30-015-01835-00-00 Inspection *Significant Corrective Inspection No. Type Inspection Inspector Violation? Date Non-Compliance? Action Due By: 07/08/2016 iTM1619048056 Routine/Periodic Yes No 10/11/2016 Tony Morales **Violations** Absent Well Identification Signs (Rule 103) Comments on Inspection: OK. All Equipment and Location in Good Shape. PJ. LOCATION SIGN NOT VISIBLE **DUNN B FEDERAL** No.007 N-12-18S-28E 30-015-02683-00-00 *Significant Inspection Corrective Violation? Inspection No. Type Inspection Inspector Date Non-Compliance? Action Due By: 07/08/2016 10/11/2016 iTM1619047592 Routine/Periodic Tony Morales Yes No Violations Absent Well Identification Signs (Rule 103) OK. All Equipment and Location in Good Shape. PJ. STAINING AROUND WELL HEAD. Comments on Inspection: LOCATION SIGN NOT VISIBLE E-10-18S-28E 30-015-23225-00-00 **DUNN B FEDERAL No.037** *Significant Corrective Inspection Inspection No. Type Inspection Inspector Violation? Date Non-Compliance? Action Due By: 07/08/2016 iTM1619036379 Routine/Periodic Tony Morales No 10/11/2016 Yes Violations Absent Well Identification Signs (Rule 103) Comments on Inspection: PJ LOCATION SIGN NOT VISIBLE OK. All Equipment and Location in Good Shape. **DUNN B FEDERAL No.038** G-10-18S-28E 30-015-28244-00-00 Inspection *Significant Corrective Type Inspection Inspector Violation? Inspection No. Non-Compliance? Date Action Due By: iTM1619041959 07/08/2016 Routine/Periodic Yes No 10/11/2016 Tony Morales Violations Absent Well Identification Signs (Rule 103) General Housekeeping (Rule 114) Comments on Inspection: OK. All Equipment and Location in Good Shape. PJ. WELL HEAD LEAKING LOCATION SIGN NOT VISIBLE.

DUNN B FEDERAL No.046 G-10-18S-28E 30-015-28247-00-00

*Significant Corrective Inspection -Type Inspection Violation? Inspection No. Inspector Non-Compliance? Date Action Due By:

iTM1619041171 07/08/2016 Routine/Periodic Yes No 10/11/2016 **Tony Morales** Violations

General Housekeeping (Rule 114)

Comments on Inspection: OK. All Equipment and Location in Good Shape. PJ. STAINING AROUND WELL HEAD

STAINED AREA APPROX 5' X 15'

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 Divison Examiner in Santa Fe to show cause why you should not be ordered to permanently plug and abandon this well.

Sincerely,

Artesia 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.