

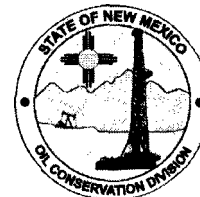
State of New Mexico

Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

Tony Delfin
Acting Cabinet Secretary

David R. Catanach, Division Director
Oil Conservation Division



Response Required - Deadline Enclosed

Field Inspection Program

"Preserving the Integrity of Our Environment"

19-Dec-16

EOG Y RESOURCES, INC.
105 S 4TH ST
ARTESIA NM 88210

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

MIMOSA FEDERAL SWD No.003Y			P-4-20S-24E		30-015-29123-00-00	
Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
12/19/2016	File and Compliance Review	Richard Inge	Yes	No	3/24/2017	iREI1635426732
Comments on Inspection: SWD645 permit states: "...permit the injection of salt water for disposal purposes into the Devonian and Ellenburger formations at approximately 9700 feet to 11,300 feet ... set in a packer located at approximately 9700 feet.' I found a Completion report (1996) shows perfs down to 9100 which is in violation of the permit. The latest c103 reporting a well workover states packer set at 9,043 ft. The information provided (including the well file) and the order's approved injection interval do not match. The well is clearly perfed in an interval not approved. You must either cement the perfs or make an additional application for approval of the Chester. The well must be shut-in immediately until this issue is resolved.						

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.

Sincerely,

Richard Inae

Artesia OCD District Office

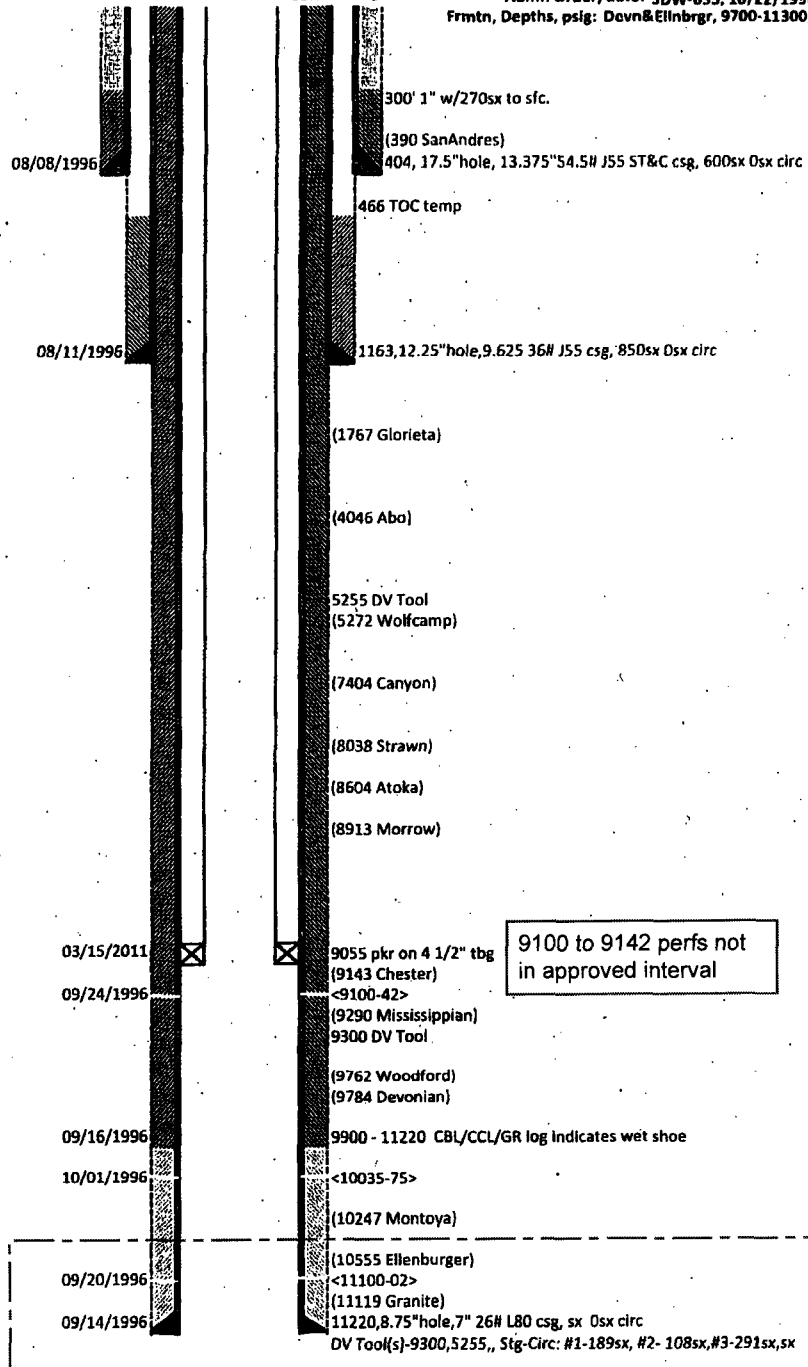
Note: Information in Detail Section comes directly from field inspector data entries - not all blanks will contain data.

*Significant Non-Compliance events are reported directly to the EPA, Region VI, Dallas, Texas.

Operator: Yates Petroleum Corporation
Surface Lease: NM39635 **BHL: NM39635**
Case No: NM39635 **Lease Agreement**
 Subsurface Concerns for Casing Designs: HICvKst E-42
 Well Status: SWD
 Spud date: 8/3/1996
 Plug'd Date:
 Reentry Date:

Well: MIMOSA FEDERAL SWD-003Y
API: 3001529123
@ Srce: T20S-R24E,04.635S330E
@ M TD: T20S-R24E,04.635S330E
Estate: FV/F
CWDW, R of W: 0
Admn Order, date: SDW-635, 10/22/1996
Frmtn, Depths, psig: Devn&Ellnbrgr, 9700-11300, 1940psig

KB: 3757
 GL: 3757
 Corr: 0



10/03/1996 MIT held 600psig 30m
 09/15/2005 MIT held 340psig 30m
 03/21/2011 MIT held 500psig 30m
 07/27/2016 45bbbls did not catch psig

Diagram last updated: 08/22/2016