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"

26-Jan-17

LARRY MARKER DBA MARKER OIL

PO BOX 3188

Roswell NM 88202-8202

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

NORTH SQUARE LAKE UNIT No.012				P-19-16S-31E 30-015-04856-00-00		
Type Inspection		Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
Routine/Perio	dic	Tony Morales	Yes	No	5/1/2017	iTM1702647655
Violations						
Absent Well Iden	tification Signs (R	ule 103)				
on Inspection:			Good Shape	LOCTION SIGN N	OT VISIBLE. FLOW	LINE
NORTH SQUARE LAKE UNIT No.007				J-20-16S-31E	30-015-04863-00-	00
Type Inspection		Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
Routine/Perio	dic	Tony Morales	Yes	No	5/1/2017	iTM1702649124
Violations		•				
Surface Leaks/Sp	ills					
				. PJ STAINING AR	OUND WELL HEAD	
	Type Inspection Routine/Period Violations Absent Well Ident on Inspection: UARE LAKE Type Inspection Routine/Period Violations Surface Leaks/Sp	Type Inspection Routine/Periodic Violations Absent Well Identification Signs (Routine/Periodic OK. All Equipm NOT CONNEC PUARE LAKE UNIT No.007 Type Inspection Routine/Periodic Violations Surface Leaks/Spills on Inspection: OK. All Equipm	Type Inspection Inspector Routine/Periodic Tony Morales Violations Absent Well Identification Signs (Rule 103) on Inspection: OK. All Equipment and Location in NOT CONNECTED PUARE LAKE UNIT No.007 Type Inspection Inspector Routine/Periodic Tony Morales Violations Surface Leaks/Spills on Inspection: OK. All Equipment and Location in	Type Inspection Inspector Violation? Routine/Periodic Tony Morales Yes Violations Absent Well Identification Signs (Rule 103) on Inspection: OK. All Equipment and Location in Good Shape. NOT CONNECTED DUARE LAKE UNIT No.007 Type Inspection Inspector Violation? Routine/Periodic Tony Morales Yes Violations Surface Leaks/Spills	Type Inspection Inspector Violation? Routine/Periodic Tony Morales Yes No Violations Absent Well Identification Signs (Rule 103) on Inspection: OK. All Equipment and Location in Good Shape. LOCTION SIGN No NOT CONNECTED PUARE LAKE UNIT No.007 Type Inspection Inspector Violation? Routine/Periodic Tony Morales Yes No Violations Surface Leaks/Spills on Inspection: OK. All Equipment and Location in Good Shape. PJ STAINING ARC	Routine/Periodic Tony Morales Yes No 5/1/2017 Violations Absent Well Identification Signs (Rule 103) On Inspection: OK. All Equipment and Location in Good Shape. NOT CONNECTED PUARE LAKE UNIT No.007 Type Inspection: Inspector Violation? Routine/Periodic Tony Morales Yes No 5/1/2017 Violations Routine/Periodic Tony Morales Yes No 5/1/2017 Violations Surface Leaks/Spills OK. All Equipment and Location in Good Shape. PJ STAINING AROUND WELL HEAD

NORTH SQUARE LAKE UNIT No.097 D-31-16S-31E 30-015-04942-00-00 Inspection *Significant Corrective **Type Inspection** Inspector Violation? Inspection No. Date Non-Compliance? Action Due By: 01/26/2017 Routine/Periodic Tony Morales Yes No 5/1/2017 iTM1702640541 Violations Absent Well Identification Signs (Rule 103) Comments on Inspection: OK. All Equipment and Location in Good Shape. PJ POWER OFF LOCATION SIGN NOT VISIBLE NORTH SQUARE LAKE UNIT No.142 E-31-16S-31E 30-015-20184-00-00 *Significant Inspection Corrective **Type Inspection** Inspector Violation? Inspection No. Date Non-Compliance? Action Due By: 01/26/2017 Routine/Periodic Tony Morales Yes No 5/1/2017 iTM1702640168 Violations Absent Well Identification Signs (Rule 103) Comments on Inspection: OK. All Equipment and Location in Good Shape. LOCATION SIGN NOT VISIBLE. **NORTH SQUARE LAKE UNIT No.162** O-31-16S-31E 30-015-24457-00-00 Inspection *Significant Corrective Type Inspection Inspector Violation? Inspection No. Date Non-Compliance? Action Due By: 01/26/2017 Routine/Periodic Tony Morales iTM1702638436 Yes No 5/1/2017 **Violations** Absent Well Identification Signs (Rule 103) **Comments on Inspection:** OK. All Equipment and Location in Good Shape. PJ. POWER OFF NO ELECTRICAL MOTOR LOCATION SIGN NOT VISIBLE NORTH SQUARE LAKE UNIT No.159 L-31-16S-31E 30-015-24706-00-00 Inspection *Significant Corrective Type Inspection Inspector Violation? Inspection No. Date Non-Compliance? Action Due By: 01/26/2017 Routine/Periodic Tony Morales Yes No 5/1/2017 iTM1702638052 **Violations** General Housekeeping (Rule 114) **Comments on Inspection:** OK. All Equipment and Location in Good Shape. PJ STAINING AROUND WELL HEAD. CONTAMINATED MATERIAL NEXT TO WELL HEAD NORTH SQUARE LAKE UNIT No.198 O-19-16S-31E 30-015-33047-00-00 Inspection *Significant Corrective Type Inspection Inspector Violation? Inspection No. Non-Compliance? Date Action Due By: 01/26/2017 Routine/Periodic Tony Morales No 5/1/2017 iTM1702647425 Yes **Violations** General Housekeeping (Rule 114) Comments on Inspection: OK. All Equipment and Location in Good Shape. PJO. STAINING AROUND WELL HEAD. OLD CELLAR BOX ON LOCATION NORTH SQUARE LAKE UNIT No.199 A-30-16S-31E 30-015-33068-00-00 Inspection *Significant Corrective Inspection No. Type Inspection Inspector Violation? Date Non-Compliance? Action Due By: 01/26/2017 Routine/Periodic Tony Morales Yes No 5/1/2017 iTM1702648115 **Violations** Absent Well Identification Signs (Rule 103)

OK. All Equipment and Location in Good Shape. PJ. OLD TUBING ON LOCATION.

General Housekeeping (Rule 114)

LOCATION SIGN NOT VISIBLE

Comments on Inspection:

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.