State of New Mexico Energy, Minerals and Natural Resources Department

Susana Martinez

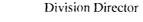
Governor

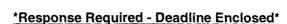
Ken McQueen Cabinet Secretary

Matthias Sayer

Deputy Cabinet Secretary

David Catanach







FNEW

Field Inspection Program "Preserving the Integrity of Our Environment"

07-Nov-17

REMNANT OIL OPERATING, LLC

PO Box 5375

Midland TX 79704-9704

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

SUN FEDERAL No.001 F-20-19S-31E 30-015-05770-00-00 Inspection *Significant Corrective Type Inspection Inspector Violation? Inspection No. Date Non-Compliance? Action Due By: iTM1731145670 11/07/2017 Routine/Periodic Tony Morales Yes No 2/10/2018 Violations General Housekeeping (Rule 114) **Comments on Inspection:** OK. All Equipment and Location in Good Shape. PJO. STAINING AROUND WELL HEAD TANK BATTERY NO SECONDARY IMPERMEABLE CONTAINMENT-BERM NO PLACARDS 19.15.10.8 **TENNECO FEDERAL No.001** D-28-19S-31E 30-015-05794-00-00

*Significant Corrective Inspection

Violation? Inspection No. Type Inspection Inspector Non-Compliance? Action Due By: Date 11/07/2017 Routine/Periodic Tony Morales Yes No 2/10/2018 iTM1731142519

Violations

Fire Walls and Dikes

General Housekeeping (Rule 114)

Comments on Inspection: OK. All Equipment and Location in Good Shape. PJO. STAINING AROUND WELL HEAD TANK BATTERIES NO SECONDARY IMPERMEABLE CONTAINMENT-BERM

NO PLACARDS / WINDSOCK 19.15.10.8

TENNESSEE FEDERAL No.002 M-21-19S-31E 30-015-10161-00-00 Inspection *Significant Corrective Type Inspection Violation? Inspection No. Inspector Date Non-Compliance? Action Due By: 11/07/2017 Routine/Periodic Tony Morales Yes No 2/10/2018 iTM1731142819 Violations Surface Damage/Restoration General Housekeeping (Rule 114) Comments on Inspection: OK. All Equipment and Location in Good Shape. PJO. STAINING AROUND WELL HEAD TANK BATTERIES STAINING NO SECONDARY IMPERMEABLE CONTAINMENT-BERM NO PLACARDS / WINDSOCK 19.15.10.8 HILL FEDERAL No.001 H-21-19S-31E 30-015-24863-00-00 *Significant Inspection Corrective Type Inspection Inspector Violation? Inspection No. Date Non-Compliance? Action Due By: 11/07/2017 Routine/Periodic iTM1731139228 Tony Morales Yes No 2/10/2018 Violations General Housekeeping (Rule 114) Comments on Inspection: OK. All Equipment and Location in Good Shape. PJ. STAINING AROUND WELL HEAD. 19.15.10.8 **AMOCO FEDERAL No.004** B-21-19S-31E 30-015-25080-00-00 *Significant Inspection Corrective Type Inspection Inspector Violation? Inspection No. Date Non-Compliance? Action Due By: 11/07/2017 Routine/Periodic iTM1731136819 Tony Morales Yes No 2/10/2018 Violations General Housekeeping (Rule 114) **Comments on Inspection:** OK. All Equipment and Location in Good Shape. PJ. STAINING AROUND WELL HEAD. 19.15.10.8 A-21-19S-31E 30-015-25082-00-00 HILL FEDERAL No.002 *Significant Inspection Corrective Violation? Inspection No. Type Inspection Date Inspector Non-Compliance? Action Due By: No 2/10/2018 iTM1731139595 11/07/2017 Routine/Periodic **Tony Morales** Yes Violations Absent Well Identification Signs (Rule 103) General Housekeeping (Rule 114) **Comments on Inspection:** OK. All Equipment and Location in Good Shape. PJ STAINING AROUND WELL HEAD. WRONG OPERATOR 19.15.10.8 / 19.15.16.8 A-20-19S-31E PARLSEY FEDERAL No.001 30-015-25219-00-00 *Significant Inspection Corrective

Inspection
Date
Type Inspection
Unspector
Type Inspection
Type Inspection
Tony Morales
Type Inspection
Tony Morales
Type Inspection
Non-Compliance?
Tony Morales

Violations

General Housekeeping (Rule 114)

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

19.15.10.8

TEXAS CRUDE No.001 J-21-19S-31E 30-015-25245-00-00

Date Type Inspection Inspector Violation? Non-Compliance? Action Due By: Inspection No. 11/07/2017 Routine/Periodic Tony Morales Yes No 2/10/2018 iTM1731137389

*Significant

Corrective

Violations

Inspection

General Housekeeping (Rule 114)

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

19.15.10.8

TEXAS CRUDE No.002 K-21-19S-31E 30-015-25381-00-00

Inspection Date

Type Inspection

Violation? Inspector

*Significant Non-Compliance? Corrective

11/07/2017 Routine/Periodic Tony Morales

Yes No Action Due By: 2/10/2018

Inspection No. iTM1731137707

Violations

General Housekeeping (Rule 114)

Comments on Inspection: OK. All Equipent and Location in Good Shape.

PJ. POWER OFF STAINING AROUND

WELL HEAD. TANK BATTERY NO SECONDARY IMPERMEABLE CONTAINMENT-

BERM NO PLACARD / WINDSOCK 19.15.10.8

LUSK 20 FEDERAL No.001

H-20-19S-31E

30-015-25505-00-00

Inspection Date

Type Inspection

Inspector

*Significant Violation? Non-Compliance? Corrective

Inspection No.

11/07/2017

Routine/Periodic

Tony Morales

No Yes

Action Due By: 2/10/2018

iTM1731134888

Violations

General Housekeeping (Rule 114)

Comments on Inspection:

OK. All Equipment and Location in Good Shape.

PJO. STAINING AROUND WELL HEAD

AND LOCATION 19.15.10.8

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 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.