State of New Mexico Energy, Minerals and Natural Resources Department

Susana Martinez

Governor

Ken McQueen Cabinet Secretary

Matthias Saver

Deputy Cabinet Secretary

Heather Riley

Division Director

Response Required - Deadline Enclosed

Field Inspection Program "Preserving the Integrity of Our Environment"

12-Apr-18

ADDINGTON, LLC 2201 W. WASHINGTON AVE. 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

ATLANTIC A STATE No.001

E-12-17S-28E 30-015-01357-00-00

Inspection

Date

Type Inspection

Inspector

Violation?

Yes

*Significant Non-Compliance?

Corrective **Action Due By:**

Inspection No.

04/12/2018 Routine/Periodic **Tony Morales**

No

7/16/2018

iTM1810247777

Violations

Absent Well Identification Signs (Rule 103)

Surface Leaks/Spills

General Housekeeping (Rule 114)

Comments on Inspection:

OK. All Equipment and Location in Good Shape. PJ. STAINING AROUND WELLHEAD. TANK BATTERY NO SECONDARY IMPERMEABLE CONTAINMENT-BERM. NO PLACARD / PLACARD .LOCATION SIGN NOT VISIBLE. OLD TANK BATTERY ON

LOCATION 19.15.10.8 / 19.15.16.8

ATLANTIC A STATE No.002

F-12-17S-28E

30-015-01358-00-00

Inspection

Date Type Inspection

Inspector

*Significant
Violation? Non-Compliance?

Corrective Action Due By:

04/12/2018 R

Routine/Periodic

Tony Morales

Yes

No

7/16/2018

Inspection No. iTM1810247445

Violations

Absent Well Identification Signs (Rule 103)

Surface Leaks/Spills

General Housekeeping (Rule 114)

Comments on Inspection:

OK. All Equipment and Location in Good Shpe. PJ LOCATION SIGN NOT VISIBLE STAINING AROUND WELL HEAD. DOWN GULLEY STAINED AREA 2' X 90' INTO

PUDDLE. 19.15.10.8 / 19.15.16.8

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.