

# State of New Mexico

## Energy, Minerals and Natural Resources Department

**Susana Martinez**  
Governor

**Ken McQueen**  
Cabinet Secretary

**Matthias Sayer**  
Deputy Cabinet Secretary

**Heather Riley**  
Division Director



**\*Response Required - Deadline Enclosed\***

*Field Inspection Program*  
*"Preserving the Integrity of Our Environment"*

19-Jul-18

**ENERGYQUEST II, LLC**  
4526 Research Forest Dr. Suite 200  
The Woodlands TX 77381-7381

### 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***

| GRAYBURG JACKSON PSU AD No.003 |                  |   |            | C-27-17S-30E                 | 30-015-04366-00-00        |                |
|--------------------------------|------------------|---|------------|------------------------------|---------------------------|----------------|
| Inspection Date                | Type Inspection  | Inspector   | Violation? | *Significant Non-Compliance? | Corrective Action Due By: | Inspection No. |
| 07/19/2018                     | Routine/Periodic | Tony Morales  | Yes        | No                           | 10/22/2018                | iTM1820035866  |
| Comments on Inspection:        |                  | OK. All Equipment and Location in Good Shape. PJ. POWER OFF STAINING AROUND WELL HEAD. 19.15.29 |            |                              |                           |                |

| MADDREN A FEDERAL No.005 |                  |  |            | G-28-17S-30E                 | 30-015-23392-00-00        |                |
|--------------------------|------------------|--|------------|------------------------------|---------------------------|----------------|
| Inspection Date          | Type Inspection  | Inspector  | Violation? | *Significant Non-Compliance? | Corrective Action Due By: | Inspection No. |
| 07/19/2018               | Routine/Periodic | Tony Morales   | Yes        | No                           | 10/22/2018                | iTM1820034625  |
| Comments on Inspection:  |                  | OK. All Equipment and Location in Good Shape. PJ. STAINING AROUND WELL HEAD. 19.15.29 TANK BATTERY OK. |            |                              |                           |                |

| GRAYBURG JACKSON PSU MA |                  | No.009  | J-28-17S-30E | 30-015-31272-00-00           |                           |                |
|-------------------------|------------------|---|--------------|------------------------------|---------------------------|----------------|
| Inspection Date         | Type Inspection  | Inspector   | Violation?   | *Significant Non-Compliance? | Corrective Action Due By: | Inspection No. |
| 07/19/2018              | Routine/Periodic | Tony Morales  | Yes          | No                           | 10/22/2018                | iTM1820033740  |
| Comments on Inspection: |                  | OK. All Equipment and Location in Good Shape. PJ STAINING AROUND WELLHEAD / FRESH OIL 19.15.29 LOCATION SIGN NOT VISIBLE 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 Division Examiner in Santa Fe to show cause why you should not be ordered to permanently plug and abandon this well.

Sincerely,

  
Artesia OOD 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.