

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

David Martin
Cabinet Secretary

Tony Delfin
Deputy Cabinet Secretary
June 16, 2016

David R. Catanach, Division Director
Oil Conservation Division



Nancy Wilcox E Qualls
P.O. Box 420
Farmington, NM 87410

Notice of Violation

Dear Nancy Wilcox E Qualls,

The Oil Conservation Division ("OCD") now reviews all operators out of compliance with the OCD's financial assurance requirements. Pursuant to 19.15.8.9 NMAC, an operator is required to furnish financial assurance acceptable to the OCD in the form of an irrevocable letter of credit, plugging insurance policy, or cash or surety bond running to the state of New Mexico conditioned that the well be plugged and abandoned and the location restored and remediated in compliance with division rules. According to OCD records, Nancy Wilcox E Qualls is the operator of record of the attached list of wells that require additional financial assurance.

Failure to provide the OCD with acceptable financial assurance is a violation of OCD rules and the Oil and Gas Act, NMSA 1978 § 70-2 *et. seq.*, and could be punishable by a fine of not more than one thousand dollars (\$1,000) per day for each violation. NMSA 1978, § 70-2-31.

Please review 19.15.8 NMAC to determine the types and amounts of financial assurance that the OCD accepts. Immediate action is now required. If no response is received within 30 days, the OCD will take further compliance action against Nancy Wilcox E Qualls, including, but not limited to, seeking a formal order to require Nancy Wilcox E Qualls to provide acceptable financial assurance for the its wells at an OCD hearing and pursuing other legal available remedies to obtain compliance.

If you have any questions regarding the contents of this letter, please contact the OCD Bond Administrator, Denise Gallegos at (505) 476-3453 to schedule a compliance conference to discuss the outstanding compliance issues.

Sincerely,

A handwritten signature in black ink that reads "Daniel Sanchez". The signature is written in a cursive style with a long, sweeping underline that extends to the right.

Daniel Sanchez
OCD Compliance and Enforcement Manager, UIC Program Director
Daniel.Sanchez@state.nm.us

EC: Keith Herrmann, ENMRD Assistant General Counsel
Encl: Additional Financial Assurance Report

OCD Case # 15683
Exhibit 2: Notice of Violation
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Inactive Well Additional Financial Assurance Report

15501 NANCY WILCOX E QUALLS

Total Well Count: 4

Printed On: Monday, June 06 2016

Property	Well Name	Lease Type	ULSTR	OCD Unit Letter	API	Well Type	Last Prod/Inj	Inactive Additional Bond Due	Measured Depth	Required Bond Amount	Bond Required Now	Covered By Blanket TA Bond	Bond In Place	In Violation
9439	C P STATE #001	S	8-02-24N-06W	H	30-039-05667	G	07/2013	08/01/2015	2525	7525	Y		0	Y
	C P STATE #002	S	K-36-24N-06W	K	30-039-05236	G	04/2014	05/01/2016	2350	7350	Y		0	Y
	C P STATE #003	S	H-36-24N-06W	H	30-039-05252	G	07/2014	08/01/2016	2360	7360			0	
	C P STATE #004	S	P-02-24N-06W	P	30-039-05634	G	10/2014	11/01/2016	2341	7341			0	

WHERE Ogrid 15501

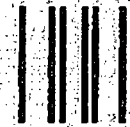
OCD Case # 15683

Exhibit 2: Notice of Violation

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SENDER COMPLETES THIS SECTION		COMPLETE THIS SECTION ON DELIVERY	
☐ Complete Items 1, 2, and 3. ☐ Print your name and address on the reverse so that we can return the card to you. ☐ Attach this card to the back of the mailpiece, or on the front if space permits.		A. Signature  ☒ Agent ☒ Addressee B. Received by (Printed Name) C. Date of Delivery 6-21-16	
1. Article Addressed to: Nancy Wilcox E Qualls P.O. Box 420 Farmington, NM 87410		☐ Delivery address different from Item 1? ☐ Yes ☒ No	
2. Article Number (Transfer from service label) 9590 9402 1626 6053 2548 62 7012 0470 0000 0881 6572		3. Service Type ☐ Adult Signature ☐ Adult Signature Restricted Delivery ☒ Certified Mail® ☐ Certified Mail Restricted Delivery ☐ Collect on Delivery ☐ Collect on Delivery Restricted Delivery ☐ Insured Mail ☐ Insured Mail Restricted Delivery ☐ Priority Mail Express® ☐ Registered Mail™ ☐ Registered Mail Restricted Delivery ☒ Return Receipt for Merchandise ☐ Signature Confirmation™ ☐ Signature Confirmation Restricted Delivery	

PS Form 3811, July 2015 PSN 7530-02-000-8053

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9590 9402 1626 6053 2548 62			
United States Postal Service		* Sender: Please print your name, address, and ZIP+4® in this box.* OIL CONSERVATION DIVISION 1220 SOUTH ST. FRANCIS DRIVE SANTA FE, NEW MEXICO 87505 Attn: Denise	