

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

David Martin
Cabinet Secretary

Tony Delfin
Deputy Cabinet Secretary

David R. Catanach, Division Director
Oil Conservation Division



June 6, 2016

OGRID No.: 278293

Keystone Exploration, LLC
1455 Ashley Circle
Pittsburgh, PA 15241

Via Certified Mail: 7012 0470 0000 0881 6367

Dear Operator:

19.15.7.24 NMAC requires that operators file C-115(s) (Monthly Production Reports) electronically on or before the 15th day of the second month following the month of production. As of today, we have not received your electronically submitted C-115(s) since October, 2015. It is the Operator's duty to file its monthly reports per 19.15.7.24 NMAC, and update the Oil Conservation Division ("OCD") with any change in contact information per 19.15.9.8 NMAC.

Despite our attempts to notify you of this issue, no reports has been received by the OCD. You are hereby being notified that effective immediately, the OCD has revoked your authorization to transport from or inject into all wells your company operates.

In addition to the State Land Office, the New Mexico Taxation and Revenue Department, and the Bureau of Land Management, we will also take steps to notify purchasers and transporters of this revocation. Any unauthorized transportation or injection will be in violation of the Oil and Gas Act (the Act) and the OCD will bring compliance actions against anyone participating in violations of the Act.

Immediate action is now required by you if you wish to restore your transportation and injection authority. If you wish to have your authority reinstated and your last report was within one year from the time you request reinstatement, please submit a written request at the address below, or Daniel.Sanchez@state.nm.us for review. In your request, please verify that your company has filed all missing C-115 reports and is currently in compliance with 19.15.5.9 NMAC. Operators who are more than one year out of compliance, or are not compliant with 19.15.5.9 NMAC, will require additional review. Please contact Daniel Sanchez at (505) 476-3493 to discuss your company's compliance status.

If no attempt to contact the OCD is made and the wells fall on to the OCD's inactive well list, the OCD will schedule a compliance hearing and seek an order requiring the wells to be plugged in accordance with division rules. In the event of non-compliance with a division order, the OCD will be authorized to plug and abandon your wells, seize any associated financial assurance, and seek any indemnification and additional penalties available under the Act. Any operator or their principals who are out of compliance with a division order will not be authorized to operate in the state of New Mexico.

Sincerely,

Daniel Sanchez
OCD Compliance and Enforcement Manager

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Ec: Aubrey Dunn, adunn@slo.state.nm.us, New Mexico State Land Office, P.O. Box 1148, Santa Fe, NM 87504
Tom Zelenka, Joseph Galluzzi, tzelenka@blm.gov, jgalluzz@blm.gov, Bureau of Land Management, P.O. Box 27115, Santa Fe, NM 87502
Judy Vigil, judy.vigil@state.nm.us, New Mexico Taxation and Revenue Dept., 1200 South Saint Francis Dr., Santa Fe, NM 87505