

State Of New Mexico

Energy, Minerals and Natural Resources Department

Michelle Lujan Grisham

Governor

Sarah Cottrell Propst

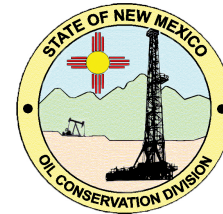
Cabinet Secretary

Todd E. Leahy, JD, PhD

Deputy Cabinet Secretary

Adrienne Sandoval

Division Director



"Response Required - Deadline Enclosed"

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

02-Jul-20

IACX Production LLC
5001 LBJ Freeway, Suite 300
Dallas, TX 75244

LETTER OF VIOLATION - Field Inspection

Dear Operator:

The following inspection indicates that the well, equipment, location or operational status of the well 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 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

[30-005-61689] ALBITUS TH FEDERAL #004

OGRID: 329877

I-21-07S-25E 1980 FSL 660 FEL

| | | | | |
|------------------------|------------------------|----------------------|---------------------------------|-----------------------|
| Inspection Date | Type Inspection | Inspector | Corrective Action Due By | Inspection No. |
| 3/27/2020 | Routine Inspection | [GC] Gilbert Cordero | 10/02/2020 | iGC208732523 |

Violations:

| | |
|--------------------------|------------------------|
| Rule | Violation |
| 19.15.16.8 Sign on Wells | Inaccurate Information |

Comment:
OPERATOR NAME IS NOT CORRECT

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,


Staff Manager

NMOCD NM South

Note: Information in Detail Section comes directly from field inspector data entries - not all blanks will contain data.

From: [Cordero, Gilbert, EMNRD](#)
To: ["keithhutchens@iacxproduction.com"](#); ["tonyhines@iacx.com"](#); ["russellgibbs@iacx.com"](#)
Subject: Letter of Violation
Date: Thursday, July 2, 2020 1:42:00 PM
Attachments: [30-005-61840.pdf](#)
[30-005-61689.pdf](#)
[30-005-61747.pdf](#)
[30-005-61746.pdf](#)
[30-005-62909.pdf](#)

Good afternoon,

Attached please find a Letter of Violation (LOV) for each of these wells:

| | |
|------------------------|--------------|
| Beard QQ Federal 002 | 30-005-61840 |
| Albitus TH Federal 004 | 30-005-61689 |
| Albitus TH Federal 003 | 30-005-61747 |
| Albitus TH Federal 002 | 30-005-61746 |
| Short RM Federal 004 | 30-005-62909 |

Thank you,

Gilbert Cordero
Staff Manager
NMOCD NM South
Office 575.748.1283 ext.114
Cell 575.626.0830