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"



22-Sep-20

CFM OIL, LLC P.O. Box 1176 Artesia, NM 88210

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

| [30-015-23187] COBB FEDERAL #001 | | | OGRID: 280554 | A-22-18S-27E 990 FNL 330 FEL | |
|--|---------------------------------------|--|---|----------------------------------|--|
| Inspection Date 9/15/2020 | Type Inspection Routine Inspection | Inspector [CZH] Chad Hensley | Corrective Action Due By 12/21/2020 | Inspection No. iCZH2025947084 | |
| Violations: | | | | | |
| Rule | | | | Violation | |
| 19.15.10.8 Safety Procedures for Drilling and Production | | | | Unauthorized Release | |

Kule 19.15.10.8 Safety Procedures for Drilling and Production **Comment:** STAINING AROUND SEPARATOR. STAINING AROUND WELL HEAD. OILY WASTE ON PJ BASE.

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,

-had Henor

Artesia OCD District Office

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

Oil Conservation Division * 811 S. First St. * Artesia, NM 88210 Phone: 575-748-1283 * Fax: 575-748-9720 * www.emnrd.state.nm.us

LETTER OF VIOLATION - Field Inspection

| From: To: | Hensley, Chad, EMNRD "cfmoilcomp1176@hotmail.com" |
|--------------|--|
| Cc: | "lesliewpatterson@msn.com" |
| Subject: | Letters of Violation |
| Date: | Tuesday, September 22, 2020 8:40:00 AM |
| Attachments: | 3001500978 9-22-20 CFM LOV.pdf 3001500973 9-22-20 CFM LOV.pdf 3001500970 9-22-20 CFM LOV.pdf 3001500976 9-22-20 CFM LOV.pdf 3001500977 9-22-20 CFM LOV.pdf 3001500977 9-22-20 CFM LOV.pdf 3001523187 9-22-20 CFM LOV.pdf |

Louis Fulton,

Attached is the Letter of Violation(LOV) for the following wells: [30-015-00978] FEDERAL G #002 [30-015-00973] FEDERAL T #001 [30-015-00970] FEDERAL B #002 [30-015-00976] FEDERAL T #003 [30-015-00977] FEDERAL G #001 [30-015-23187] COBB FEDERAL #001

If you have any questions feel free to contact me on my cell.

Thank you,

Chad Hensley Compliance Officer Artesia OCD Office: 575-748-1283 x 112 Cell: 575-703-1723

