

State Of New Mexico

Energy, Minerals and Natural Resources Department

Michelle Lujan Grisham

Governor

Sarah Cottrell Propst

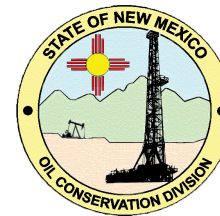
Cabinet Secretary

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-Oct-20

SUNDOWN ENERGY LP

16400 Dallas Pkwy

Suite 100

Dallas, TX 75248

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

[30-025-05390] STATE P #004

OGRID: 232611

N-32-16S-37E 990 FSL 1650 FWL

Inspection Date	Type Inspection	Inspector	Corrective Action Due By	Inspection No.
10/21/2020	Routine Inspection	[EZB] Eugene Bolton	1/23/2021	iEZB2029532716

Violations:

Rule

19.15.10.8 Safety Procedures for Drilling and Production

Violation

General
Housekeeping
Required

Comment:

Cover wellhead depression and containment tub, clean up unused equipment and debris, move rods and tubing to storage. Add H2S signage at this TB, cover hole, clean stained pile, keep hatches closed. Second TB & separator 150 ft further west has both containment tubs full. H2S signage is out of view of loading area, no site ID sign. Separator moderate spill shows fresh oil, fencing needs improvement.

19.15.36 Surface Waste Management Facilities

Substandard
Equipment
and/or Needs
Repair

Comment:

Incomplete fencing of TB berm.

19.15.16.8 Sign on Wells

Absent Well
Identification
Sign

Comment:

East TB has ID, needs H2S signage. West TB has Inadequate H2S signage at loading area, also needs ID sign.

19.15.11 Hydrogen Sulfide Gas

Release of

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,

Hobbs OCD District Office

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

Oil Conservation Division * 1625 N. French Drive * Hobbs, NM 88240
Phone: 575-393-6161 * Fax: 575-393-0720 * www.emnrd.state.nm.us