

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

John H. Bemis
Cabinet Secretary

Brett F. Woods, Ph.D.
Deputy Cabinet Secretary

Jami Bailey, Division Director
Oil Conservation Division



Letter Of Violation
IMMEDIATE DIRECTIVE

HOBBS OCD

March 19, 2013

COG OPERATING LLC.
ATTN: REGULATORY DEPT.
2208 W. MAIN STREET
ARTESIA, NM 88211

MAR 20 2013

Attn: REGULATORY DEPT.

RECEIVED

RE: PLUGGED WELL SITE CLEANUP REQUIREMENTS
STATE OF NEW MEXICO RULE 19.15.25.10 VIOLATIONS

It has come to our attention that the following attached list of wells, have been plugged for over 13 months. According to OCD Rules and Regulations, and as stated in NMOCD Rule 19.15.25.10, these wells must meet cleanup and location release requirements within a given time frame.

According to NMOCD Rule 19.15.25.10 the following should apply:

As soon as practical, but no later than one year after the completion of plugging operations, the operator shall:

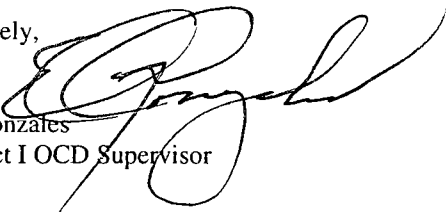
- (1) level the location;
 - (3) remove deadmen and other junk; and
 - (4) take other measures necessary or required by the division to restore the location to a safe and clean condition.
- E. The operator shall close all pits and below-grade tanks pursuant to 19.15.17 NMAC.
- F. Upon completion of plugging and clean up restoration operations as required, the operator shall contact the appropriate division district office to arrange for an inspection of the well and location.

Please note, the Hobbs District I OCD office will require that COG Operating, LLC. communicate with the District I Supervisor, EL Gonzales, within 10 days of receipt of this letter, the commencement of cleanup process of the wells on the following list.

A required form must be received *for each well* that meets the *complete requirements* of said rule. *A Form C103 Specifically for Subsequent Report of Well Plugging* is to be used for your reporting, regarding these wells. *This form is attached for your convenience.*

If you have any questions, please contact EL Gonzales, at the Hobbs District I office @ 575-393-6161 ext. 102.

Sincerely,


EL Gonzales
District I OCD Supervisor

Att.

MAR 19 2013

Submit One Copy To Appropriate District
Office
District I
1625 N. French Dr., Hobbs, NM 88240
District II
811 S. First St., Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM
87505

State of New Mexico
Energy, Minerals and Natural Resources

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-103
Revised November 3, 2011

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|--|---|--|--|--|------------------------------|--|--|---|--|--|--|---------------------------------------|--|----------------------------------|---|---|--|--|---------------------------------|--|--|--|
| SUNDRY NOTICES AND REPORTS ON WELLS (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.) | | WELL API NO. | | | | | | | | | | | | | | | | | | | | |
| 1. Type of Well: <input type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other | | 5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input type="checkbox"/> | | | | | | | | | | | | | | | | | | | | |
| 2. Name of Operator | | 6. State Oil & Gas Lease No. | | | | | | | | | | | | | | | | | | | | |
| 3. Address of Operator | | 7. Lease Name or Unit Agreement Name | | | | | | | | | | | | | | | | | | | | |
| 4. Well Location Unit Letter _____: _____ feet from the _____ line and _____ feet from the _____ line Section _____ Township _____ Range _____ NMPM _____ County _____ | | 8. Well Number | | | | | | | | | | | | | | | | | | | | |
| 11. Elevation (Show whether DR, RKB, RT, GR, etc.) | | 9. OGRID Number | | | | | | | | | | | | | | | | | | | | |
| 12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data | | | | | | | | | | | | | | | | | | | | | | |
| <table border="0"><tr><td colspan="2">NOTICE OF INTENTION TO:</td><td colspan="2">SUBSEQUENT REPORT OF:</td></tr><tr><td>PERFORM REMEDIAL WORK <input type="checkbox"/></td><td>PLUG AND ABANDON <input type="checkbox"/></td><td>REMEDIAL WORK <input type="checkbox"/></td><td>ALTERING CASING <input type="checkbox"/></td></tr><tr><td>TEMPORARILY ABANDON <input type="checkbox"/></td><td>CHANGE PLANS <input type="checkbox"/></td><td>COMMENCE DRILLING OPNS. <input type="checkbox"/></td><td>P AND A <input type="checkbox"/></td></tr><tr><td>PULL OR ALTER CASING <input type="checkbox"/></td><td>MULTIPLE COMPL <input type="checkbox"/></td><td>CASING/CEMENT JOB <input type="checkbox"/></td><td></td></tr><tr><td colspan="2">OTHER: <input type="checkbox"/></td><td colspan="2"><input checked="" type="checkbox"/> Location is ready for OCD inspection after P&A</td></tr></table> | | | NOTICE OF INTENTION TO: | | SUBSEQUENT REPORT OF: | | PERFORM REMEDIAL WORK <input type="checkbox"/> | PLUG AND ABANDON <input type="checkbox"/> | REMEDIAL WORK <input type="checkbox"/> | ALTERING CASING <input type="checkbox"/> | TEMPORARILY ABANDON <input type="checkbox"/> | CHANGE PLANS <input type="checkbox"/> | COMMENCE DRILLING OPNS. <input type="checkbox"/> | P AND A <input type="checkbox"/> | PULL OR ALTER CASING <input type="checkbox"/> | MULTIPLE COMPL <input type="checkbox"/> | CASING/CEMENT JOB <input type="checkbox"/> | | OTHER: <input type="checkbox"/> | | <input checked="" type="checkbox"/> Location is ready for OCD inspection after P&A | |
| NOTICE OF INTENTION TO: | | SUBSEQUENT REPORT OF: | | | | | | | | | | | | | | | | | | | | |
| PERFORM REMEDIAL WORK <input type="checkbox"/> | PLUG AND ABANDON <input type="checkbox"/> | REMEDIAL WORK <input type="checkbox"/> | ALTERING CASING <input type="checkbox"/> | | | | | | | | | | | | | | | | | | | |
| TEMPORARILY ABANDON <input type="checkbox"/> | CHANGE PLANS <input type="checkbox"/> | COMMENCE DRILLING OPNS. <input type="checkbox"/> | P AND A <input type="checkbox"/> | | | | | | | | | | | | | | | | | | | |
| PULL OR ALTER CASING <input type="checkbox"/> | MULTIPLE COMPL <input type="checkbox"/> | CASING/CEMENT JOB <input type="checkbox"/> | | | | | | | | | | | | | | | | | | | | |
| OTHER: <input type="checkbox"/> | | <input checked="" type="checkbox"/> Location is ready for OCD inspection after P&A | | | | | | | | | | | | | | | | | | | | |
| <input type="checkbox"/> All pits have been remediated in compliance with OCD rules and the terms of the Operator's pit permit and closure plan. <input type="checkbox"/> Rat hole and cellar have been filled and leveled. Cathodic protection holes have been properly abandoned. <input type="checkbox"/> A steel marker at least 4" in diameter and at least 4' above ground level has been set in concrete. It shows the | | | | | | | | | | | | | | | | | | | | | | |

OPERATOR NAME, LEASE NAME, WELL NUMBER, API NUMBER, QUARTER/QUARTER LOCATION OR UNIT LETTER, SECTION, TOWNSHIP, AND RANGE. ALL INFORMATION HAS BEEN WELDED OR PERMANENTLY STAMPED ON THE MARKER'S SURFACE.

- ☐ The location has been leveled as nearly as possible to original ground contour and has been cleared of all junk, trash, flow lines and other production equipment.
- ☐ Anchors, dead men, tie downs and risers have been cut off at least two feet below ground level.
- ☐ If this is a one-well lease or last remaining well on lease, the battery and pit location(s) have been remediated in compliance with OCD rules and the terms of the Operator's pit permit and closure plan. All flow lines, production equipment and junk have been removed from lease and well location.
- ☐ All metal bolts and other materials have been removed. Portable bases have been removed. (Poured onsite concrete bases do not have to be removed.)
- ☐ All other environmental concerns have been addressed as per OCD rules.
- ☐ Pipelines and flow lines have been abandoned in accordance with 19.15.35.10 NMAC. All fluids have been removed from non-retrieved flow lines and pipelines.
- ☐ If this is a one-well lease or last remaining well on lease: all electrical service poles and lines have been removed from lease and well location, except for utility's distribution infrastructure.

When all work has been completed, return this form to the appropriate District office to schedule an inspection.

SIGNATURE _____ TITLE _____ DATE _____

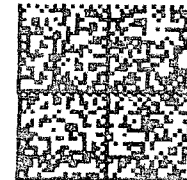
TYPE OR PRINT NAME _____ E-MAIL: _____ PHONE: _____

For State Use Only

APPROVED BY: _____ TITLE _____ DATE _____

| API WELL # | Plugging Date | Well Name | Well # | Operator Name | Type | Stat | County | Land | UL | Sec | Twp | N/S | Rng | W/E | Ft | NS | Ft | EW | Last Insp |
|--------------------|---------------|-------------------|--------|-------------------|------|------|--------|------|----|-----|-----|-----|-----|-----|------|----|------|----|------------|
| 30-025-36903-00-00 | 8/3/2005 | BAGLEY 16 STATE | 001 | COG OPERATING LLC | O | H | Lea | S | D | 16 | 11 | S | 33 | E | 660 | N | 810 | W | 10/24/2005 |
| 30-025-36885-00-00 | 5/18/2005 | HOP1 35 STATE COM | 001 | COG OPERATING LLC | G | H | Lea | S | K | 35 | 11 | S | 32 | E | 2154 | S | 1392 | W | 10/31/2005 |

EMNRD
OIL CONSERVATION DIVISION
1625 N FRENCH DRIVE
HOBBS NM 88240



HASLER 015H14150977
\$0.46
03/19/13
Mailed From 88240
US POSTAGE

COG OPERATING LLC.
ATTN: REGULATORY DEPT.
2208 W. MAIN STREET
ARTESIA, NM 88211