

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

David Martin
Cabinet Secretary-Designate

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

Jami Bailey, Division Director
Oil Conservation Division



Response Required - Deadline Enclosed

Field Inspection Program
"Preserving the Integrity of Our Environment"

HOBBS OCD

25-Jul-13

JUL 25 2013

QUANTUM RESOURCES MANAGEMENT, LLC
5 HOUSTON CENTER 1401 MCKINNEY ST. SUITE 2400
HOUSTON TX 77010

RECEIVED

LETTER OF VIOLATION - Inspection

Dear Operator:

The following inspection(s) indicate that the well, equipment, location or operational status of the well(s) 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(s) 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

| | | | | | | |
|--|------------------------|------------------|-------------------|-------------------------------------|----------------------------------|-----------------------|
| JF JANDA NCT-L No.001 | | | | D-36-22S-35E | 30-025-28063-00-00 | |
| Inspection Date | Type Inspection | Inspector | Violation? | *Significant Non-Compliance? | Corrective Action Due By: | Inspection No. |
| 07/25/2013 | Routine/Periodic | Mark Whitaker | Yes | No | 8/23/2013 | iMAW1320624205 |
| Violations | | | | | | |
| Surface Damage/Restoration | | | | | | |
| Comments on Inspection: DO NOT RELEASE LOCATION. Need to remove transformers, meter base, and power disconnect from power pole on north side of location. Please contact this office when work is complete to reschedule an inspection. | | | | | | |

JUL 25 2013

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,

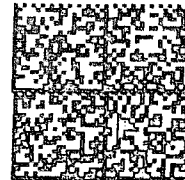

COMPLIANCE OFFICER

Hobbs OCD District Office

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

*Significant Non-Compliance events are reported directly to the EPA, Region VI, Dallas, Texas.

EMNRD
OIL CONSERVATION DIVISION
1625 N FRENCH DRIVE
HOBBS NM 88240



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