Susana Martinez Governor

David Martin Cabinet Secretary

Brett F. Woods, Ph.D. Deputy Cabinet Secretary David Catanach, Division Director Oil Conservation Division

Response Required - Deadline Enclosed

Field Inspection Program "Preserving the Integrity of Our Environment"

13-Feb-15

TEXLAND PETROLEUM-HOBBS, LLC

777 Main Street, Suite 3200 Fort Worth TX 76102-6102

LETTER OF VIOLATION -

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 re-inspect the well and/or facility.

INSPECTION DETAIL SECTION

BOWERS A FEDERAL No.043			M-29-18S-38E	30-025-35852-00-0	0	
Inspection				*Significant	Corrective	
Date	Type Inspection	Inspector	Violation?	Non-Compliance?	Action Due By:	Inspection No.
02/13/2015	File and Compliance	Sylvia Dickey	Yes	No	5/19/2015	iSAD1504452558

Comments on Inspection: ACCORDING TO BRADENHEAD TEST RESULTS FOR 2/10/2015, TUBING INJECTION PRESSURE EXCEEDS THE APPROVED LIMITS. REPORTED INJECTION PRESSURE IS 1850#. PER IPI-276 APPROVED 12/13/2006, THE TUBING INJECTION PRESSURE IS APPROVED FOR 1567 PSIG. ****OPERATOR IN VIOLATION OF NMOCD RULE 19.15.26.10*** (OPERATION & MAINTENANCE). February 13, 2015 Page 2

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 COMPLIANCE OFFICER

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



Texland Petroleum-Hobbs LLC ATT: Vicki Smith 777 Main St, Suite 3200 Fort Worth, TX 76102