

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

David Martin
Cabinet Secretary

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

David Catanach, Director
Oil Conservation Division



Response Required - Deadline Enclosed

*Field Inspection Program
"Preserving the Integrity of Our Environment"*

19-Mar-15

SUNDANCE SERVICES, INC.
1001 6TH STREET PO BOX 1737
EUNICE, NM 88231

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

ROYALTY HOLDING No.004		A-25-21S-37E		30-025-22943-00-00		
Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
03/19/2015	Routine/Periodic	Mark Whitaker	Yes	No	6/22/2015	iMAW1507849941
Comments on Inspection:		Attempted 2 times to pressure test for T/A status. Pressure dropped from 510 psi to 430 psi in less than 30 minutes (greater than the allowed 10%) on second test. Authority to inject has expired as a result of no injection in the last 12 month period. OPERATOR WILL BE REQUIRED TO REPAIR WELL AND APPLY FOR A NEW SWD PERMIT, OR PLUG & ABANDON. 1ST NOTICE.				

MAR 20 2015

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,

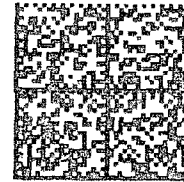

Compliance Officer

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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03/19/15
Mailed From 88240

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PO BOX 1737
EUNICE, NM 88231-1737