

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"

28-Jul-15

COBALT OPERATING, LLC
3001 N. BIG SPRING SUITE 207
MIDLAND TX 79705

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.

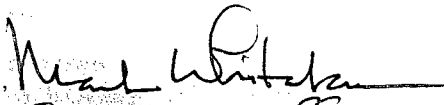
INSPECTION DETAIL SECTION

WARREN No.001				G-8-17S-37E	30-025-26323-00-00
Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By: Inspection No.
07/28/2015	Routine/Periodic	Mark Whitaker	Yes	No	8/28/2015 iMAW1520954653
Violations					
Absent Well Identification Signs (Rule 103)					
Failure to submit proper documentation (Rule 103)					
Comments on Inspection: No well sign (Rule 19.15.16.8). Well has been re-entered. No paper work has been submitted for work done. NEED TO INSTALL A WELL SIGN. NEED TO SUBMIT A SUBSEQUENT C103 (SUMMARY OF WORK PERFORMED), A C104 (REQUEST FOR ALLOWABLE AND AUTHORIZATION TO TRANSPORT), AND A C105 (WELL COMPLETION REPORT AND LOG UNDATED).					

HALE STATE No.001Y				J-8-17S-37E	30-025-26773-00-00
Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By: Inspection No.
07/27/2015	Routine/Periodic	Mark Whitaker	Yes	No	8/28/2015 iMAW1520832006
Violations					
Absent Well Identification Signs (Rule 103)					
Comments on Inspection: Well sign not legible (Rule 19.15.16.8). NEED TO INSTALL SIGN.					

JUL 29 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.

Rule 19.15.16.8 Sign should be legible from 50' and each sign shall show operator's name, property name, well number, location by footage, unit letter section, township, range, and API number

EMNRD
OIL CONSERVATION DIVISION
1625 N FRENCH DRIVE
HOBBS NM 88240

COBALT OPERATING, LLC
3001 N. BIG SPRINGS
SUITE 207
MIDLAND, TX 79705

