State of New Mexico Energy, Minerals and Natural Resources Department

Susana Martinez

Governor

Ken McOueen

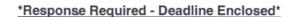
Cabinet Secretary

Matthias Sayer

Deputy Cabinet Secretary

David Catanach

Division Director



Field Inspection Program "Preserving the Integrity of Our Environment"

19-Jul-17

DEVON ENERGY PRODUCTION COMPANY, LP

PO Box 250

Artesia NM 88210

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

LEAR STATE NCT-A No.001

A-2-16S-32E

Type Inspection

Inspector Violation?

Yes

*Significant

30-025-00370-00-00 Corrective

Date 07/19/2017

Inspection

Routine/Periodic

Mark Whitaker

Non-Compliance?

No

Action Due By:

Inspection No. 10/22/2017 iMAW1720046540

Violations

Surface Damage/Restoration

Comments on Inspection:

Rule 19.15.25.10.D requires that no later than 1 year after completion of plugging operations, the location should be restored. As this is the last well on the lease, all equipment, including gas metering equipment, power poles and transformers, will need to be removed. Gas lines should be properly capped. Location should be contoured to surrounding area and any contamination should

be removed and disposed of properly.

BIG JAKE

No.001

P-34-20S-35E

30-025-36454-00-00

Inspection Date 07/19/2017

Type Inspection
Routine/Periodic

Inspector Mark Whitaker Violation? No

*Significant Non-Compliance?

No

Corrective Action Due By:

Inspection No.

10/22/2017 iMAW1720047905

Violations

Surface Damage/Restoration

Comments on Inspection:

Rule 19.15.25.10.D requires that no later than 1 year after completion of plugging operations, the location should be restored. As this is the last well on the lease, all equipment, including gas metering equipment, power poles and transformers, will need to be removed. Gas lines should be properly capped. Location should be contoured to surrounding area and any contamination should be removed and disposed of properly.

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 Divison 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

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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