State of New Mexico Energy, Minerals and Natural Resources Department

Susana Martinez

Governor

Ken McQueen

Cabinet Secretary

Matthias Saver

Deputy Cabinet Secretary

Heather Riley

Division Director

Response Required - Deadline Enclosed

Field Inspection Program Preserving the Integrity of Our Environmed HOBBS OCD

FEB 07 2018

RECEIVED

SMITH & MARRS INC

P.O. BOX 863

07-Feb-18

KERMIT TX 79745-9745

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

PETRUS AEO STATE No.002

G-11-17S-33E

30-025-30101-00-00

Inspection Date

Type Inspection

Inspector

*Significant

Corrective

02/06/2018

Violation?

Routine/Periodic

Non-Compliance?

Action Due By:

Inspection No.

Mark Whitaker

Yes

No

3/9/2018

iMAW1803738574

Violations

Absent Well Identification Signs (Rule 103)

Comments on Inspection:

Well sign (Rule 19..15.16.8). Operator of record not legible. Well sign on ground. NEED TO

CORRECT WELL SIGN AND POST ON FENCING OR GUARD RAIL.

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, Wall Whitalam, P.E.S.

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



SMITH & MARRS INC. PO BOX 863 KERMIT, TX 79745-0863