

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

Jami Bailey, Division Director
Oil Conservation Division



October 29, 2014

C.O. Fulton
P.O. Box 1176
Artesia, NM 88210

OGRID No. 3420

Via Certified Mail: 7002 0510 0003 5725 2607

Dear Operator:

Rule 19.15.7.24 of the Oil Conservation Division ("OCD") requires that C-115(s) (Monthly Production Reports) be filed electronically on or before the 15th day of the second month following the month of production. As of today, we have not received your electronically submitted C-115(s) for May, 2014. It is the Operator's duty to file their monthly reports and update the OCD with any change in contact information per 19.15.9.8 NMAC.

Despite our attempts to notify you of this violation, no report has been received by the OCD. You are hereby being notified that effective immediately, the OCD has now revoked your authorization to transport from or inject into all wells your company operates.

In addition to the State Land Office, the New Mexico Taxation and Revenue Department, and the Bureau of Land Management, we will also take steps to notify purchasers and transporters of this revocation. Any unauthorized transportation or injection will be a violation of the Oil and Gas Act and the OCD will bring compliance actions against anyone participating in violations of the Act.

Immediate action is now required by you if you wish to restore you transport and injection authority. Please contact Daniel Sanchez at Daniel.Sanchez@state.nm.us (505-476-3493) to schedule a compliance conference. If no attempt to contact the OCD is made, we will move to find your wells orphaned, find you out of compliance with a division order, authorize the division to plug and abandon your wells, and seize any associated financial assurance, and seek any additional penalties available under the Act. Any operator or their principals found out of compliance with a division order will not be given a new OGRID number to authorize them to operate in the state of New Mexico.

Sincerely,

A handwritten signature in black ink, appearing to read "Daniel Sanchez", with a stylized flourish at the end.

Daniel Sanchez
NMOCD Compliance & Enforcement Manager

1220 South St. Francis Drive • Santa Fe, New Mexico 87505
Phone (505) 476-3460 • Fax (505) 476-3462 • www.emnrd.state.nm.us/ocd

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Ec: Kelly Brooks Smith, Pete Martinez, ksmith@slo.state.nm.us, pmartine@slo.state.nm.us, New Mexico State Land Office, P.O. Box 1148, Santa Fe, NM 87504;

Tom Zelenka, Joseph Galluzzi, tzelenka@blm.gov, jgalluzzi@blm.gov, Bureau of Land Management, P.O. Box 27115, Santa Fe, NM 87502;

Joan Ishimoto, joan.ishimoto@state.nm.us, New Mexico Taxation and Revenue Dept., 1200 South Saint Francis Dr., Santa Fe, NM 87505

Case 2:14-cv-00091-LSC

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SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete Item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mail piece, or on the front if space permits.

1. Article Addressed to:

C.O. FULTON
 P.O. BOX 1176
 ARTESIA, NM
 88210

COMPLETE THIS SECTION ON DELIVERY

A. Signature Agent Addressee
X [Signature]

B. Received by (Printed Name) C. Date of Delivery
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D. Is delivery address different from item 1? Yes No
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 Certified Mail Express Mail
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4. Restricted Delivery? (Extra Fee) Yes

2. Article Number
 (Transfer from service) 7002 0510 0003 5125 2607