State of New Mexico Energy, Minerals and Natural Resources Department

Susana Martinez

Governor

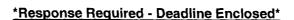
Ken McQueen Cabinet Secretary

Matthias Sayer

Deputy Cabinet Secretary

David Catanach

Division Director



Field Inspection Program "Preserving the Integrity of Our Environment"

19-Sep-17

AGUA SUCIA LLC

P.O. BOX 2081 LOVINGTON NM 88260

EAST SHUGART UNIT No.013

LETTER OF VIOLATION - Inspection

30-015-05681-00-00

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

H-34-18S-31E

EAST SHOOART ONLY NO.015					11-34-163-31E 30-013-03001-00-00		
Inspection Date	Type Inspection		Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
09/19/2017	Routine/Periodic		Tony Morales	Yes	No	12/23/2017	iTM1726244434
	Violations						
	General Housekeeping (Rule 114)						
Comments	on Inspection:	OK. All Ed 19.15.10.8	quipment and Location in	Good Shape.	PJO. STAINING	S AROUND WELL H	EAD
EAST SHUGART UNIT No.025					M-35-18S-31E 30-015-05690-00-00		
Inspection Date	Type Inspection		Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
09/19/2017	Routine/Periodic Violations		Tony Morales	Yes	No	12/23/2017	iTM1726242030
	General Housekeeping (Rule 114)						
Comments	on Inspection:		quipment and Location in IL 19.15.10.8	Good Shape	PJ STAINING AR	OUND WELL HEAD	

EAST SHUGART UNIT No.032

M-35-18S-31E

30-015-20254-00-00

Inspection Date 09/19/2017

Type Inspection

Inspector

Violation?

*Significant Non-Compliance?

Corrective Action Due By:

Inspection No.

Routine/Periodic

Tony Morales

Yes

No

12/23/2017

iTM1726235088

Violations

General Housekeeping (Rule 114)

Comments on Inspection:

OK. All Equipment and Location in Good Shape. CONTAMINATED MATERIAL ON

LOCATION 19.15.10.8

EAST SHUGART UNIT No.036 Inspection

Type Inspection

Inspector

Violation?

J-34-18S-31E *Significant Non-Compliance?

30-015-27436-00-00 Corrective Action Due By:

Inspection No.

Date 09/19/2017

Routine/Periodic

Tony Morales

Yes

No

12/23/2017

iTM1726245187

Violations

General Housekeeping (Rule 114)

Comments on Inspection:

OK. All Equipment and Location in Good Shape.

PJ. STAINING AROUND WELL HEAD

POWER OFF 19.15.10.8

EAST SHUGART UNIT No.077

Inspection Date

Type Inspection Routine/Periodic Inspector Tony Morales Violation? Yes

*Significant Non-Compliance? No

No

J-35-18S-31E

30-015-28219-00-00 Corrective Action Due By: 12/23/2017

Inspection No. iTM1726238616

09/19/2017

Violations General Housekeeping (Rule 114)

Comments on Inspection:

OK. All Equipment and Location in Good Shape. PJ STAINING AROUND WELL HEAD+

STAINED AREA APPROX 15' X 60' BRINE 19.15.10.8

Tony Morales

EAST SHUGART UNIT No.083

Inspection Type Inspection Date

Inspector

Violation?

P-34-18S-31E *Significant Non-Compliance? 30-015-28776-00-00 Corrective Action Due By:

12/23/2017

Inspection No. iTM1726242344

09/19/2017

Routine/Periodic Violations

General Housekeeping (Rule 114) Comments on Inspection:

OK. All Equipment and Location in Good Shape. PJ CONTAMINATED MATERIAL NEXT TO

Yes

WELLHEAD, 19.15.10.8

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.

Artesia 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.