

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

**HOBBS OCD**  
**APR 16 2014**  
**RECEIVED**

**Jami Bailey, Division Director**  
Oil Conservation Division



**\*Response Required - Deadline**

*Field Inspection Program*  
*"Preserving the Integrity of Our Environment"*

15-Apr-14

**CELERO ENERGY II, LP**  
400 WEST ILLINOIS  
SUITE 1601  
MIDLAND TX 79701

**LETTER OF VIOLATION -**

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 re-inspect the well and/or facility.

**INSPECTION DETAIL SECTION**

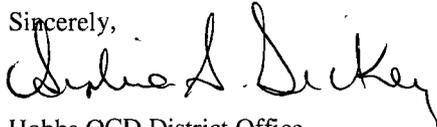
<b>WAKAN TANKA FEDERAL No.004</b>	L-27-13S-31E	30-005-21092-00-	
<b>Inspection</b>	<b>*Significant</b>	<b>Corrective</b>	
<b>Date</b>	<b>Non-Compliance?</b>	<b>Action Due By:</b>	<b>Inspection No.</b>
04/11/2014	Yes	7/15/2014	iSAD1410151710
<b>Type Inspection</b>	<b>Inspector</b>		
Bradenhead	Sylvia Dickey		
<b>Comments on Inspection:</b>	PER BHT 3/24/2014 WELL OVER INJECTION PRESSURE PER SWD 427; APPROVED INJECTION PRESSURE IS 573 PSI. **OPERATOR IN VIOLATION OF NMOCD RULE 19.15.5.11 ***ENFORCEABILITY OF PERMITS AND ADMINISTRATIVE ORDERS***		

April 15, 2014

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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,



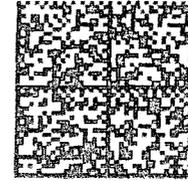
Hobbs OCD District Office

**COMPLIANCE OFFICER**

**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



HASLER 015H14150977  
\$0.48  
04/16/14  
Mailed From 88240  
US POSTAGE

Celero Energy LP  
ATTN: LISA HUNT  
400 W Illinois, Suite 1601  
Midland, TX 79701