

State Of New Mexico
Energy, Minerals and Natural Resources Department

24-Apr-26

YARBROUGH OIL LP

c/o HALE DUNCAN & CO
Box 2526
Hobbs, NM 88241

Pre Enforcement Notification

Dear Operator:

The following inspection indicates that the well, equipment, location or operational status of the well 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 indicated.

Please notify the Compliance Officer copied on this letter, 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

[30-025-02369] NEW MEXICO U STATE #001

OGRID: 25504

H-28-18S-34E 1980 FNL 660 FEL

| Inspection Date | Type Inspection | Inspector | Inspection No. |
|---|--------------------|--------------------|-----------------------|
| 4/23/2026 | Routine Inspection | [SM] Sharon Minnix | iSM2611346946 |
| Violation | Title | | Corrective Action Due |
| cSM2611428832 19.15.29 Releases Unauthorized Release | | | 5/8/2026 |
| <i>(19.15.29.7 NMAC, A. "Major release" means: (1) an unauthorized release of a volume, excluding gases, of 25 barrels or more; (2) an unauthorized release of a volume that: (a) results in a fire or is the result of a fire; (b) may with reasonable probability reach a watercourse; (c) may with reasonable probability endanger public health; or (d) substantially damages property or the environment; (3) an unauthorized release of gases exceeding 500 MCF; or (4) a release of a volume that may with reasonable probability be detrimental to fresh water. B. "Minor release" means an unauthorized release, which is not a major release and is a volume greater than five barrels but less than 25 barrels; or for gases, greater than 50 MCF but less than 500 MCF. The responsible party must notify the division of releases in 19.15.29.9 NMAC as follows. A. Reporting a major release. (1) The responsible party must notify the division's environmental bureau chief and the appropriate division district office verbally or by e-mail within 24 hours of discovery of the release. The notification must provide the information required on form C-141. (2) The responsible party must also notify the appropriate division district office in writing within 15 days of discovering the release by completing and filing form C-141. The written notification must verify the prior verbal or e-mail notification and include additions or corrections to the information contained in the prior verbal or e-mail notification. B. Reporting a minor release. The responsible party must notify the appropriate division district office in writing within 15 days of discovery of the release by completing and filing form C-141.[19.15.29.10 NMAC - Rp, 19.15.29.10 NMAC, 8/14/2018])</i> | | | |

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.

Note: Information in Detail Section comes directly from field inspector data entries - not all blanks will contain data.