

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

David Martin
Cabinet Secretary

Tony Delfin
Deputy Cabinet Secretary
June 16, 2016

David R. Catanach Division Director
Oil Conservation Division



Jam Oil LLC
P O Box 1382
Artesia, NM 88211

Notice of Violation

Dear Jam Oil LLC,

The Oil Conservation Division (OCD) now reviews all operators out of compliance with the OCD's financial assurance requirements. Pursuant to 19 15 8 9 NMAC, an operator is required to furnish financial assurance acceptable to the OCD in the form of an irrevocable letter of credit, plugging insurance policy or cash or surety bond running to the state of New Mexico conditioned that the well be plugged and abandoned and the location restored and remediated in compliance with division rules. According to OCD records, Jam Oil LLC is the operator of record of the attached list of wells that require additional financial assurance.

Failure to provide the OCD with acceptable financial assurance is a violation of OCD rules and the Oil and Gas Act NMSA 1978 § 70 2 *et seq*, and could be punishable by a fine of not more than one thousand dollars (\$1,000) per day for each violation NMSA 1978, § 70 2 31.

Please review 19 15 8 NMAC to determine the types and amounts of financial assurance that the OCD accepts. Immediate action is now required. If no response is received within 30 days, the OCD will take further compliance action against Jam Oil LLC, including, but not limited to, seeking a formal order to require Jam Oil LLC to provide acceptable financial assurance for the its wells at an OCD hearing and pursuing other legal available remedies to obtain compliance.

If you have any questions regarding the contents of this letter please contact the OCD Bond Administrator, Denise Gallegos at (505) 476 3453 to schedule a compliance conference to discuss the outstanding compliance issues.

Sincerely,

A handwritten signature in black ink, appearing to read "Daniel Sanchez", is written over a horizontal line.

Daniel Sanchez
OCD Compliance and Enforcement Manager, UIC Program Director
Daniel.Sanchez@state.nm.us

EC Keith Herrmann ENMRD Assistant General Counsel
Encl Additional Financial Assurance Report

Inactive Well Additional Financial Assurance Report

256430 JAM OIL LLC

Total Well Count: 34

Printed On: Friday, June 03 2016

Property	Well Name	License Type	ULSTR	OCD Unit Letter	APT	Well Type	Last Prod/Inj	Inactive Additional Bond Due	Measured Depth	Required Bond Amount	Bond Required Now	Covered By Blanket TA Bond	Bond in Place	In Violation
303968	CANNON #001	P	P-17-10S-25E	P	30-005-00044	O	04/2011	05/01/2013	801	5801	Y		0	Y
	CANNON #002	P	I-17-10S-25E	I	30-005-00042	O	04/2011	05/01/2013	850	5850	Y		0	Y
303969	CANNON ET AL #001Y	S	N-27-10S-25E	N	30-005-61892	G	04/2011	05/01/2013	4386	9386	Y		0	Y
	CANNON ET AL #002	S	L-27-10S-25E	L	30-005-62292	G	04/2011	05/01/2013	4330	9330	Y		0	Y
303970	CANNON FEE #001	P	H-17-10S-25E	H	30-005-60680	O	04/2011	05/01/2013	850	5850	Y		0	Y
	CANNON FEE #002Y	P	A-17-10S-25E	A	30-005-61234	O	04/2011	05/01/2013	865	5865	Y		0	Y
	CANNON FEE #003	P	H-17-10S-25E	H	30-005-61499	O	04/2011	05/01/2013	891	5891	Y		0	Y
305322	COMANCHE PQ FEDERAL #003	F	D-26-10S-25E	D	30-005-62298	O	04/2011		1310				0	
	COMANCHE PQ FEDERAL #004	F	A-27-10S-25E	A	30-005-00066	O	04/2011		981				0	
303971	COOPER #001	P	E-29-06S-26E	E	30-005-60920	O	04/2011	05/01/2013	1110	6110	Y		0	Y
	COOPER #002	P	F-29-06S-26E	F	30-005-60929	O	04/2011	05/01/2013	1105	6105	Y		0	Y
303972	DEKALB FEDERAL #001	F	F-27-10S-25E	F	30-005-00067	O	04/2011		904				0	
303973	ELLIOTT FEDERAL #001	F	E-26-10S-25E	E	30-005-00059	O	04/2011		1298				0	
	ELLIOTT FEDERAL #002	F	L-29-06S-26E	L	30-005-60445	O	04/2011		1100				0	
303974	ENGLAND FEDERAL #001	F	N-29-06S-26E	N	30-005-10033	O	04/2011		1117				0	
	ENGLAND FEDERAL #002	F	H-30-06S-26E	H	30-005-10137	O	04/2011		1055				0	
303975	FEDERAL #008	F	J-33-06S-26E	J	30-005-10228	O	04/2010		1136				0	
303976	FEDERAL HJ #002	F	B-31-06S-26E	B	30-005-60428	O	04/2011		1154				0	
	FEDERAL HJ #009	F	I-31-06S-26E	I	30-005-61749	O	04/2010		1150				0	
	FEDERAL HJ #010	F	A-31-06S-26E	A	30-005-61750	O	04/2010		1150				0	
303977	JOHNSON JL #001	P	O-30-06S-26E	O	30-005-60440	O	04/2011	05/01/2013	1100	6100	Y		0	Y
305321	KEMNITZ SOUTH AFL STATE #001	S	O-31-18S-34E	O	30-025-31636	O	04/2011	05/01/2013	6260	11260	Y		0	Y
303978	LEONARD FEDERAL #001	F	G-27-10S-25E	G	30-005-00074	O	04/2011		930				0	
	LEONARD FEDERAL #004	F	H-27-10S-25E	H	30-005-00076	O	04/2011		1007				0	
303979	MARY ANN CANNON #001	P	K-27-10S-25E	K	30-005-00071	O	04/2011	05/01/2013	910	5910	Y		0	Y
	MARY ANN CANNON #002	P	J-27-10S-25E	J	30-005-00072	O	04/2011	05/01/2013	934	5934	Y		0	Y
	MARY ANN CANNON #003	P	L-27-10S-25E	L	30-005-00073	O	04/2011	05/01/2013	887	5887	Y		0	Y
	MARY ANN CANNON #004	P	M-27-10S-25E	M	30-005-00062	O	04/2011	05/01/2013	898	5898	Y		0	Y
	MARY ANN CANNON #005	P	O-27-10S-25E	O	30-005-10109	O	04/2011	05/01/2013	1056	6056	Y		0	Y
	MARY ANN CANNON #006	P	N-27-10S-25E	N	30-005-10110	O	04/2011	05/01/2013	1012	6012	Y		0	Y
	MARY ANN CANNON #007	P	O-27-10S-25E	O	30-005-10111	S	04/2011	05/01/2013	1038	6038	Y		0	Y
303980	MOHAWK #001	F	O-22-10S-25E	O	30-005-00052	O	04/2011		565				0	
303981	TAMARACK OF STATE #001	S	D-32-06S-26E	D	30-005-60949	O	04/2011	05/01/2013	1250	6250	Y		0	Y
	TAMARACK OF STATE #002	S	E-32-06S-26E	E	30-005-61693	O	04/2011	05/01/2013	1150	6150	Y		0	Y

WHERE Ogrid:256430

Exhibit 2: Notice of Violation
 OCD Case # 15648
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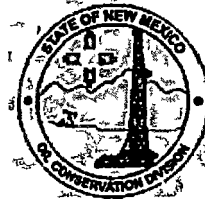
State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martínez
Governor

David Martin
Cabinet Secretary

Tony Deffin
Deputy Cabinet Secretary
June 29, 2016

David R. Catanach, Division Director
Oil Conservation Division



Jam Oil LLC
R539 S 13th St
Artesia, NM 88211

Notice of Violation

Dear Jam Oil LLC

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Failure to provide the OCD with acceptable financial assurance is a violation of OCD rules and the Oil and Gas Act, NMSA 1978 § 70-2 *et seq*, and could be punishable by a fine of not more than one thousand dollars (\$1,000) per day for each violation. NMSA 1978 § 70-2-31.

Please review 19 15 8 NMAC to determine the types and amounts of financial assurance that the OCD accepts. Immediate action is now required. If no response is received within 30 days, the OCD will take further compliance action against Jam Oil LLC, including, but not limited to, seeking a formal order to require Jam Oil LLC to provide acceptable financial assurance for the its wells at an OCD hearing and pursuing other legal available remedies to obtain compliance.

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Sincerely,

A handwritten signature in black ink, appearing to read "Daniel Sanchez", is written over a horizontal line.

Daniel Sánchez

OCD Compliance and Enforcement Manager, UIC Program Director

Daniel.Sanchez@state.nm.us

EC Keith Herrmann, ENMRD Assistant General Counsel
Encl Additional Financial Assurance Report

Exhibit 2 Notice of Violation
OCD Case # 15648
Page 3 of 4

Inactive Well Additional Financial Assurance Report

256430 JAM OIL LLC

Total Well Count: 34

Printed On: Wednesday, June 29 2016

Property	Well Name	Lease Type	ULSTR	OCD Unit Letter	API	Well Type	Last Prod'n	Inactive Additional Bond Due	Measured Depth	Required Bond Amount	Bond Required Now	Covered By Blanket TA Bond	Bond In Place	In Violation
303968	CANNON #001	P	P-17-10S-25E	P	30-005-00044	O	04/2011	05/01/2013	801	5801	Y		0	Y
	CANNON #002	P	I-17-10S-25E	I	30-005-00042	O	04/2011	05/01/2013	850	5850	Y		0	Y
303969	CANNON ET AL #001Y	S	N-27-10S-25E	N	30-005-61892	G	04/2011	05/01/2013	4386	9386	Y		0	Y
	CANNON ET AL #002	S	L-27-10S-25E	L	30-005-62292	G	04/2011	05/01/2013	4330	9330	Y		0	Y
303970	CANNON FEE #001	P	H-17-10S-25E	H	30-005-60680	O	04/2011	05/01/2013	850	5850	Y		0	Y
	CANNON FEE #002Y	P	A-17-10S-25E	A	30-005-61234	O	04/2011	05/01/2013	885	5885	Y		0	Y
	CANNON FEE #003	P	H-17-10S-25E	H	30-005-61499	O	04/2011	05/01/2013	891	5891	Y		0	Y
305322	COMANCHE PQ FEDERAL #003	F	D-26-10S-25E	D	30-005-62298	O	04/2011		1310				0	
	COMANCHE PQ FEDERAL #004	F	A-27-10S-25E	A	30-005-00066	O	04/2011		981				0	
303971	COOPER #001	P	E-29-06S-26E	E	30-005-60928	O	04/2011	05/01/2013	1110	6110	Y		0	Y
	COOPER #002	P	F-29-06S-26E	F	30-005-60929	O	04/2011	05/01/2013	1105	6105	Y		0	Y
303972	DEKALB FEDERAL #001	F	F-27-10S-25E	F	30-005-00067	O	04/2011		904				0	
303973	ELLIOTT FEDERAL #001	F	E-26-10S-25E	E	30-005-00059	O	04/2011		1298				0	
	ELLIOTT FEDERAL #002	F	L-29-06S-26E	L	30-005-60445	O	04/2011		1100				0	
303974	ENGLAND FEDERAL #001	F	N-29-06S-26E	N	30-005-10033	O	04/2011		1117				0	
	ENGLAND FEDERAL #002	F	H-30-06S-26E	H	30-005-10137	O	04/2011		1055				0	
303975	FEDERAL #008	F	J-33-06S-26E	J	30-005-10228	O	04/2010		1136				0	
303976	FEDERAL HJ #002	F	B-31-06S-26E	B	30-005-60428	O	04/2011		1154				0	
	FEDERAL HJ #009	F	I-31-06S-26E	I	30-005-61749	O	04/2010		1150				0	
	FEDERAL HJ #010	F	A-31-06S-26E	A	30-005-61750	O	04/2010		1150				0	
303977	JOHNSON IL #001	P	O-30-06S-26E	O	30-005-60440	O	04/2011	05/01/2013	1100	6100	Y		0	Y
305321	KEMNITZ SOUTH AFL STATE #001	S	O-31-16S-34E	O	30-025-31636	O	04/2011	05/01/2013	6260	11260	Y		0	Y
303978	LEONARD FEDERAL #001	F	G-27-10S-25E	G	30-005-00074	O	04/2011		930				0	
	LEONARD FEDERAL #004	F	H-27-10S-25E	H	30-005-00076	O	04/2011		1007				0	
303979	MARY ANN CANNON #001	P	K-27-10S-25E	K	30-005-00071	O	04/2011	05/01/2013	910	5910	Y		0	Y
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	MARY ANN CANNON #003	P	L-27-10S-25E	L	30-005-00073	O	04/2011	05/01/2013	887	5887	Y		0	Y
	MARY ANN CANNON #004	P	M-27-10S-25E	M	30-005-00062	O	04/2011	05/01/2013	898	5898	Y		0	Y
	MARY ANN CANNON #005	P	O-27-10S-25E	O	30-005-10109	O	04/2011	05/01/2013	1056	6056	Y		0	Y
	MARY ANN CANNON #006	P	N-27-10S-25E	N	30-005-10110	O	04/2011	05/01/2013	1012	6012	Y		0	Y
	MARY ANN CANNON #007	P	O-27-10S-25E	O	30-005-10111	S	04/2011	05/01/2013	1038	6038	Y		0	Y
303980	MOHAWK #001	F	O-22-10S-25E	O	30-005-00052	O	04/2011		565				0	
303981	TAMARACK OF STATE #001	S	D-32-06S-26E	D	30-005-60949	O	04/2011	05/01/2013	1250	6250	Y		0	Y
	TAMARACK OF STATE #002	S	E-32-06S-26E	E	30-005-61693	O	04/2011	05/01/2013	1150	6150	Y		0	Y

WHERE Ogrid 256430

Exhibit 2: Notice of Violation

OCD Case # 15648

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