

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

David Martin
Cabinet Secretary

Tony Delfin
Deputy Cabinet Secretary

David Catanach, Director
Oil Conservation Division

Response Required - Deadline Enclosed

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

16-Aug-16

STEPHENS & JOHNSON OP CO
PO BOX 2249
WICHITA FALLS TX 76307

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 reinspect the well and/or facility.

INSPECTION DETAIL SECTION

| | | | | | | |
|--|------------------------|------------------|-------------------|------------------------|---------------------------|-----------------------|
| STATE 648 AC 811 No.071 | | | | G-10-19S-28E | 30-015-02203-00-00 | |
| Inspection | | | | *Significant | Corrective | |
| Date | Type Inspection | Inspector | Violation? | Non-Compliance? | Action Due By: | Inspection No. |
| 08/16/2016 | Routine/Periodic | Gilbert Cordero | Yes | No | 11/19/2016 | iGC1622927504 |
| Comments on Inspection: Well Sign (Rule 19.15.16.8). OPERATOR (SDX) IS NOT CORRECT. POWER OFF TO PJ | | | | | | |

| | | | | | | |
|---|------------------------|------------------|-------------------|------------------------|---------------------------|-----------------------|
| EAST MILLMAN UNIT No.147 | | | | E-14-19S-28E | 30-015-02249-00-00 | |
| Inspection | | | | *Significant | Corrective | |
| Date | Type Inspection | Inspector | Violation? | Non-Compliance? | Action Due By: | Inspection No. |
| 08/16/2016 | Routine/Periodic | Gilbert Cordero | Yes | No | 11/19/2016 | iGC1622949331 |
| Comments on Inspection: Well Sign (Rule 19.15.16.8). OPERATOR (SDX) IS NOT CORRECT | | | | | | |

| | | | | | | |
|---|------------------------|------------------|-------------------|------------------------|---------------------------|-----------------------|
| EAST MILLMAN UNIT No.001 | | | | A-15-19S-28E | 30-015-02256-00-00 | |
| Inspection | | | | *Significant | Corrective | |
| Date | Type Inspection | Inspector | Violation? | Non-Compliance? | Action Due By: | Inspection No. |
| 08/16/2016 | Routine/Periodic | Gilbert Cordero | Yes | No | 11/19/2016 | iGC1622949650 |
| Comments on Inspection: Well Sign (Rule 19.15.16.8). OPERATOR (SDX) IS NOT CORRECT | | | | | | |

EAST MILLMAN UNIT No.158

G-22-19S-28E

30-015-02289-00-00

| Inspection Date | Type Inspection | Inspector | Violation? | *Significant Non-Compliance? | Corrective Action Due By: | Inspection No. |
|-----------------|------------------|-----------------|------------|------------------------------|---------------------------|----------------|
| 08/16/2016 | Routine/Periodic | Gilbert Cordero | Yes | No | 11/19/2016 | iGC1622931069 |

Comments on Inspection: Well Sign (Rule 19.15.16.8). OPERATOR (SDX) IS NOT CORRECT

EAST MILLMAN UNIT No.167

A-22-19S-28E

30-015-02291-00-00

| Inspection Date | Type Inspection | Inspector | Violation? | *Significant Non-Compliance? | Corrective Action Due By: | Inspection No. |
|-----------------|------------------|-----------------|------------|------------------------------|---------------------------|----------------|
| 08/16/2016 | Routine/Periodic | Gilbert Cordero | Yes | No | 11/19/2016 | iGC1622945835 |

Comments on Inspection: No Well Sign (Rule 19.15.16.8).

STATE 648 AC 811 No.214

G-10-19S-28E

30-015-10857-00-00

| Inspection Date | Type Inspection | Inspector | Violation? | *Significant Non-Compliance? | Corrective Action Due By: | Inspection No. |
|-----------------|------------------|-----------------|------------|------------------------------|---------------------------|----------------|
| 08/16/2016 | Routine/Periodic | Gilbert Cordero | Yes | No | 11/19/2016 | iGC1622928154 |

Comments on Inspection: Well Sign (Rule 19.15.16.8). OPERATOR (SDX) IS NOT CORRECT

FEATHERSTONE WELCH No.002

E-22-19S-28E

30-015-22921-00-00

| Inspection Date | Type Inspection | Inspector | Violation? | *Significant Non-Compliance? | Corrective Action Due By: | Inspection No. |
|-----------------|------------------|-----------------|------------|------------------------------|---------------------------|----------------|
| 08/16/2016 | Routine/Periodic | Gilbert Cordero | Yes | No | 11/19/2016 | iGC1622930213 |

Comments on Inspection: Well Sign (Rule 19.15.16.8). OPERATOR (SDX) IS NOT CORRECT

EAST MILLMAN UNIT No.196

L-14-19S-28E

30-015-27302-00-00

| Inspection Date | Type Inspection | Inspector | Violation? | *Significant Non-Compliance? | Corrective Action Due By: | Inspection No. |
|-----------------|------------------|-----------------|------------|------------------------------|---------------------------|----------------|
| 08/16/2016 | Routine/Periodic | Gilbert Cordero | Yes | No | 11/19/2016 | iGC1622949119 |

Comments on Inspection: Well Sign (Rule 19.15.16.8). OPERATOR (SDX) IS NOT CORRECT

EAST MILLMAN UNIT No.199

E-14-19S-28E

30-015-27304-00-00

| Inspection Date | Type Inspection | Inspector | Violation? | *Significant Non-Compliance? | Corrective Action Due By: | Inspection No. |
|-----------------|------------------|-----------------|------------|------------------------------|---------------------------|----------------|
| 08/16/2016 | Routine/Periodic | Gilbert Cordero | Yes | No | 11/19/2016 | iGC1622949526 |

Comments on Inspection: Well Sign (Rule 19.15.16.8). OPERATOR (SDX) IS NOT CORRECT

EAST MILLMAN UNIT No.203

B-22-19S-28E

30-015-27348-00-00

| Inspection Date | Type Inspection | Inspector | Violation? | *Significant Non-Compliance? | Corrective Action Due By: | Inspection No. |
|-----------------|------------------|-----------------|------------|------------------------------|---------------------------|----------------|
| 08/16/2016 | Routine/Periodic | Gilbert Cordero | Yes | No | 11/19/2016 | iGC1622946315 |

Comments on Inspection: Well Sign (Rule 19.15.16.8). OPERATOR (SDX) IS NOT CORRECT. NO FLOW LINES
HOOKED UP - SHOWS PRODUCTION

EAST MILLMAN UNIT No.208

H-22-19S-28E

30-015-27467-00-00

| Inspection Date | Type Inspection | Inspector | Violation? | *Significant Non-Compliance? | Corrective Action Due By: | Inspection No. |
|-----------------|------------------|-----------------|------------|------------------------------|---------------------------|----------------|
| 08/16/2016 | Routine/Periodic | Gilbert Cordero | Yes | No | 11/19/2016 | iGC1622931224 |

Comments on Inspection: Well Sign (Rule 19.15.16.8). OPERATOR (SDX) IS NOT CORRECT

EAST MILLMAN UNIT No.210

D-23-19S-28E

30-015-27481-00-00

| Inspection Date | Type Inspection | Inspector | Violation? | *Significant Non-Compliance? | Corrective Action Due By: | Inspection No. |
|-----------------|------------------|-----------------|------------|------------------------------|---------------------------|----------------|
| 08/16/2016 | Routine/Periodic | Gilbert Cordero | Yes | No | 11/19/2016 | iGC1622932312 |

Comments on Inspection: No Well Sign (Rule 19.15.16.8).

EAST MILLMAN UNIT No.224

G-22-19S-28E

30-015-27725-00-00

| | | | | | | |
|--|------------------------|------------------|-------------------|------------------------|-----------------------|-----------------------|
| Inspection | | | | *Significant | Corrective | |
| Date | Type Inspection | Inspector | Violation? | Non-Compliance? | Action Due By: | Inspection No. |
| 08/16/2016 | Routine/Periodic | Gilbert Cordero | Yes | No | 11/19/2016 | iGC1622930860 |
| Comments on Inspection: No Well Sign (Rule 19.15.16.8). | | | | | | |

EAST MILLMAN POOL UNIT No.014

F-13-19S-28E

30-015-31678-00-00

| | | | | | | |
|--|------------------------|------------------|-------------------|------------------------|-----------------------|-----------------------|
| Inspection | | | | *Significant | Corrective | |
| Date | Type Inspection | Inspector | Violation? | Non-Compliance? | Action Due By: | Inspection No. |
| 08/16/2016 | Routine/Periodic | Gilbert Cordero | Yes | No | 11/19/2016 | iGC1622942023 |
| Comments on Inspection: No Well Sign (Rule 19.15.16.8). | | | | | | |

EAST MILLMAN POOL UNIT No.014Q

N-13-19S-28E

30-015-33543-00-00


| | | | | | | |
|--|------------------------|------------------|-------------------|------------------------|-----------------------|-----------------------|
| Inspection | | | | *Significant | Corrective | |
| Date | Type Inspection | Inspector | Violation? | Non-Compliance? | Action Due By: | Inspection No. |
| 08/16/2016 | Routine/Periodic | Gilbert Cordero | Yes | No | 11/19/2016 | iGC1622942855 |
| Comments on Inspection: No Well Sign (Rule 19.15.16.8). | | | | | | |

C115 Amendments are required for the following two wells that are not currently producing

EAST MILLMAN UNIT No.203 30-015-27348-00-00**EAST MILLMAN UNIT No.232 30-015-34860-00-00**

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,



Compliance Off. cee

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.