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

CO	P.A	78787	C 40	4	011	B.T.	071
•	ΙA	. 1 1	648	AL.	XII	NO	.U/I

G-10-19S-28E

30-015-02203-00-00

*Significant Corrective Inspection Inspector Violation? Action Due By: Date Type Inspection Non-Compliance?

Inspection No. 08/16/2016 Routine/Periodic Gilbert Cordero Yes No 11/19/2016 iGC1622927504

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

EAST MILLMAN UNIT No.147

Inspection

E-14-19S-28E 30-015-02249-00-00 *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

> Oil Conservation Division * 811 S. First St. * Artesia, New Mexico 88210 Phone: 575-748-1283 * Fax: 575-748-9720 * http://www.emnrd.state.nm.us

EAST MILLMAN UNIT No.158 G-22-19S-28E 30-015-02289-00-00 Significant Inspection Corrective Violation? Non-Compliance? Type Inspection Inspector Action Due By: Date 08/16/2016 Routine/Periodic Gilbert Cordero Yes No 11/19/2016 iGC1622931069

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

EAST MILLMAN UNIT No.167 A-22-19S-28E 30-015-02291-00-00 *Significant Inspection Corrective

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

Inspection No.

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

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

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

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

EAST MILLMAN UNIT No.199 E-14-19S-28E 30-015-27304-00-00

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

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

Well Sign (Rule 19.15.16.8). OPERATOR (SDX) IS NOT CORRECT. NO FLOW LINES Comments on Inspection:

HOOKED UP - SHOWS PRODUCTION

30-015-27467-00-00 EAST MILLMAN UNIT No.208 H-22-19S-28E

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

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

D-23-19S-28E **EAST MILLMAN UNIT No.210** 30-015-27481-00-00 *Significant Corrective

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

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

EAST MILLMAN UNIT No.224

G-22-19S-28E

30-015-27725-00-00

Inspection 08/16/2016

Type Inspection Date

Inspector

Gilbert Cordero

*Significant Non-Compliance?

-- No

Corrective Action Due By: 11/19/2016

Inspection No. iGC1622930860

Comments on Inspection:

No Well Sign (Rule 19.15.16.8).

F-13-19S-28E 30-015-31678-00-00

Inspection

Type Inspection

EAST MILLMAN POOL UNIT No.014

Violation?

Violation?

Yes

*Significant Corrective

Date

08/16/2016 Routine/Periodic

Routine/Periodic

Inspector Yes Gilbert Cordero

Non-Compliance? No

Action Due By: 11/19/2016

Inspection No. iGC1622942023

Comments on Inspection:

No Well Sign (Rule 19.15.16.8).

N-13-19S-28E

30-015-33543-00-00

11/19/2016

Inspection Date

08/16/2016

Type Inspection Routine/Periodic

EAST MILLMAN POOL UNIT No.014Q

Inspector Gilbert Cordero Violation? Yes

*Significant Non-Compliance? No

Corrective Action Due By:

Inspection No. 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 Divison Examiner in Santa Fe to show cause why you should not be ordered to permanently plug and abandon this well.

Sincerely,

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.