State of New Mexico Energy, Minerals and Natural Resources Department

Susana Martinez

Governor

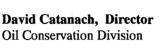
David Martin

Cabinet Secretary

Tony Delfin

Deputy Cabinet Secretary

David Catanach, Director





Response Required - Deadline Enclosed

06-Sep-16

JAM OIL LLC

PO Box 1382

Artesia NM 88211-8211

LETTER OF VIOLATION - Inactive Well(s)

Dear Operator:

A review of our records and recent inspection(s) indicate that the subject well(s) has been shut-in for an extended period of time. Rule 19.15.16.8 of the Rules and Regulation of the Oil Conservation Division provides that a well may be shut-in no longer than sixty days after suspension of drilling operations, upon determining that ther well is no longer usable (e.g., a dry hole), or one year after last production. To comply with guidelines as established in the Rules and Regulations, corrective actions must be taken immediately and the well(s) brought into compliance.

The detail section below indicates preliminary findings and/or probable nature of the violation.

The following options are available:

- 1. Immediately restore the well(s) to production, injection or disposal as applicable.
- 2. Request 'Temporary Abandoned' status pursuant to Rule 19.15.25.12, which requires that you set a plug and ' conduct a mechanical integrity test.
- 3. Submit a proposal to 'Plug and Abandon' the well(s) pursuant to Rule 19.15.25.8, proceed with plugging procedures on a timely basis after the proposal has been evaluated, amended and/or approved.

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. Such a hearing may result in imposition of CIVIL PENALTIES for your violation of OCD rules.

IDLE WELL INSPECTION DETAIL SECTION			
CANNON 002	I-17-10S-25E	30-005-00042-00-00	Inspection No. iGC1625045636
Inspection Date: 9/6/201	6 12:40:34 PM	Corrective Action Due by: 12/10/2016	
Type Inspection	Inspector	Violation?	*Significant Non-Compliance?
Routine/Periodic Comments on Inspection:	Gilbert Corder Idle Well (Rule 19.15.25.8)	o Yes LAST REPORTED PRODUC	No CTION 4-1-11
CANNON 001	P-17-10S-25E	30-005-00044-00-00	Inspection No. iGC1625045806
Inspection Date: 9/6/201	6 12:43:24 PM	Corrective Action Due by: 12/10/2016	
Type Inspection	Inspector	Violation?	*Significant Non-Compliance?
Routine/Periodic Comments on Inspection:	Gilbert Corder Idle Well (Rule 19.15.25.8)	o Yes LAST REPORTED PRODUC	No CTION 4-1-11
MARY ANN CANNON 004	M-27-10S-25E	30-005-00062-00-00	Inspection No. iGC1625030977

Inspection Date: 9/6/2016 8:36:15 AM Corrective Action Due by: 12/10/2016 Type Inspection Inspector Violation? *Significant Non-Compliance? Routine/Periodic Gilbert Cordero Yes No Comments on Inspection: Idle Well (Rule 19.15.25.8) LAST REPORTED PRODUCTION 4-1-11 **COMANCHE PQ FEDERAL 004** A-27-10S-25E Inspection No. iGC1625035463 30-005-00066-00-00 Corrective Action Due by: 12/10/2016 Inspection Date: 9/6/2016 9:51:02 AM Type Inspection Violation? *Significant Non-Compliance? Inspector Routine/Periodic Gilbert Cordero Yes No Comments on Inspection: Idle Well (Rule 19.15.25.8) LAST REPORTED PRODUCTION 4-1-11, TB RUSTED OUT LINES -**LEAKING DEKALB FEDERAL 001** F-27-10S-25E 30-005-00067-00-00 Inspection No. iGC1625037828 **Inspection Date:** 9/6/2016 10:30:27 AM Corrective Action Due by: 12/10/2016 Type Inspection Inspector Violation? *Significant Non-Compliance? Routine/Periodic Yes Gilbert Cordero No Comments on Inspection: Idle Well (Rule 19.15.25.8) LAST REPORTED PRODUCTION 4-1-11. **MARY ANN CANNON 002** J-27-10S-25E 30-005-00072-00-00 Inspection No. iGC1625034757 Corrective Action Due by: 12/10/2016 **Inspection Date:** 9/6/2016 9:39:16 AM *Significant Non-Compliance? Type Inspection Violation? Inspector Routine/Periodic Gilbert Cordero Yes No Comments on Inspection: Idle Well (Rule 19.15.25.8) LAST REPORTED PRODUCTION 4-1-11 L-27-10S-25E Inspection No. iGC1625031454 **MARY ANN CANNON 003** 30-005-00073-00-00 **Inspection Date:** 9/6/2016 8:44:12 AM Corrective Action Due by: 12/10/2016 Violation? *Significant Non-Compliance? Type Inspection Inspector Yes No Routine/Periodic Gilbert Cordero Idle Well (Rule 19.15.25.8) LAST REPORTED PRODUCTION 4-1-11 Comments on Inspection: **LEONARD FEDERAL 001** G-27-10S-25E 30-005-00074-00-00 Inspection No. iGC1625038546 Corrective Action Due by: 12/10/2016 **Inspection Date:** 9/6/2016 10:42:24 AM *Significant Non-Compliance? Type Inspection Violation? Inspector Routine/Periodic Gilbert Cordero Yes No **Comments on Inspection:** Idle Well (Rule 19.15.25.8) LAST REPORTED PRODUCTION 4-1-11 H-27-10S-25E 30-005-00076-00-00 Inspection No. iGC1625035114 **LEONARD FEDERAL 004 Inspection Date:** 9/6/2016 9:45:12 AM Corrective Action Due by: 12/10/2016 *Significant Non-Compliance? Violation? Type Inspection Inspector Yes No Routine/Periodic Gilbert Cordero Comments on Inspection: Idle Well (Rule 19.15.25.8) LAST REPORTED PRODUCTION 4-1-11 O-27-10S-25E Inspection No. iGC1625033979 **MARY ANN CANNON 005** 30-005-10109-00-00 Corrective Action Due by: 12/10/2016 **Inspection Date:** 9/6/2016 9:26:17 AM Type Inspection Inspector Violation? *Significant Non-Compliance? Yes Routine/Periodic Gilbert Cordero Idle Well (Rule 19.15.25.8) LAST REPORTED PRODUCTION 4-1-11. NO WELL SIGN **Comments on Inspection: MARY ANN CANNON 007** O-27-10S-25E 30-005-10111-00-00 Inspection No. iGC1625033690 Corrective Action Due by: 12/10/2016 **Inspection Date:** 9/6/2016 9:21:28 AM *Significant Non-Compliance? Violation? Type Inspection Inspector Yes Routine/Periodic Gilbert Cordero No Idle Well (Rule 19.15.25.8) LAST REPORTED PRODUCTION 4-1-11 **Comments on Inspection:**

H-17-10S-25E

CANNON FEE 001

30-005-60680-00-00

Inspection No. iGC1625045311

Inspection Date: Corrective Action Due by: 12/10/2016 9/6/2016 12:35:09 PM Type Inspection *Significant Non-Compliance? Inspector Violation? Routine/Periodic Gilbert Cordero Yes No Comments on Inspection: Idle Well (Rule 19.15.25.8) LAST REPORTED PRODUCTION 4-1-11 **CANNON FEE 002Y** A-17-10S-25E 30-005-61234-00-00 Inspection No. iGC1625044972 **Inspection Date:** 9/6/2016 12:29:31 PM Corrective Action Due by: 12/10/2016 Type Inspection Violation? *Significant Non-Compliance? Inspector Routine/Periodic Gilbert Cordero Yes No **Comments on Inspection:** Idle Well (Rule 19.15.25.8) LAST REPORTED PRODUCTION 4-1-11. WRONG OPERATOR ON **CANNON FEE 003** H-17-10S-25E Inspection No. iGC1625045133 30-005-61499-00-00 **Inspection Date:** 9/6/2016 12:32:11 PM Corrective Action Due by: 12/10/2016 Type Inspection *Significant Non-Compliance? Inspector Violation? Routine/Periodic Yes Gilbert Cordero No Idle Well (Rule 19.15.25.8) LAST REPORTED PRODUCTION 4-1-11. NO WELL SIGN Comments on Inspection: **CANNON ET AL 001Y** N-27-10S-25E 30-005-61892-00-00 Inspection No. iGC1625030565 **Inspection Date:** Corrective Action Due by: 12/10/2016 9/6/2016 8:29:23 AM Type Inspection Violation? *Significant Non-Compliance? Inspector Yes Routine/Periodic Gilbert Cordero No Idle Well (Rule 19.15.25.8) WELL SIGN NOT LEGIBLE. LAST REPORTED PRODUCTION 4-1-11 Comments on Inspection: Inspection No. iGC1625031572 **CANNON ET AL 002** L-27-10S-25E 30-005-62292-00-00 Corrective Action Due by: 12/10/2016 **Inspection Date:** 9/6/2016 8:46:10 AM

Type Inspection

Inspector

Violation?

*Significant Non-Compliance?

Routine/Periodic

Yes

No

Comments on Inspection:

Gilbert Cordero

Idle Well (Rule 19.15.25.8) LAST REPORTED PRODUCTION 4-1-11. LOCATION SIGN NOT

LEGIBLE

Thank you for your prompt attention to this matter and your efforts in helping to protect our environment and the infrastructure of the oil and gas industry.

Sincerely

Vilbert Cordero

COMPLIANCE OFFICER

Artesia OCD District Office

^{*} Significant Non-Compliance events are reported directly to the U.S. Environmental Protection Agency, Region VI, Dallas, Texas.