State of New Mexico Energy, Minerals and Națural Resources Department

Susana Martinez Governor

David Martin Cabinet Secretary

Tony Delfin Deputy Cabinet Secretary **David Catanach, Director** Oil Conservation Division



Response Required - Deadline Enclosed

01-Dec-16

SCYTHIAN LTD 300 N. MARIENFELD SUITE 950 MIDLAND TX 79701-

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 19.15.25.8 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 19.15.25.13, 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 19.15.25.9, 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 INSPI	ECTION DETAIL SECT			
MILLER FEDERAL 001	H-7-6S-23E	30-005-61850-00-00	Inspection No. iGC1633634569		
Inspection Date: 12/1/201	16 9:36:07 AM	Correct	Corrective Action Due by: 3/6/2017		
Type Inspection	Inspector	Violation?	*Significant Non-Compliance?		
Routine/Periodic Comments on Inspection:	Gilbert Corde Violation of rule 19.15.25.8 NETTING		No CTION 2-1-1. OPEN TOP TANK HAS NO		
CHINA DRAW FEDERAL	001 M-31-6S-23E	30-005-62233-00-00	Inspection No. iGC1633646621		
Inspection Date: 12/1/2016 12:56:59 PM		Corrective Action Due by: 3/6/2017			
Type Inspection	Inspector	Violation?	*Significant Non-Compliance?		
Routine/Periodic Comments on Inspection:	Gilbert Corde Violation of rule 19.15.25.8	ro Yes 3. LAST REPORTED PRODU	No CTION 11-1-12.		

CHINA DRAW FE	DERAL 0	02 E-31-6S-23E	30-005-62234-00-00	Inspection No. iGC1633645050	
Inspection Date:			Correct	Corrective Action Due by: 3/6/2017	
Type Inspection	-, -,	Inspector	Violation?	*Significant Non-Compliance?	
Routine/Periodi	с	Gilbert Core	dero Yes	No	
Comments on Insp			5.8. LAST REPORTED PRODU		
CHINA DRAW FE	DERAL 0	04 M-30-6S-23E	30-005-62319-00-00	Inspection No. iGC1633644295	
Inspection Date:	12/1/2016	5 12:18:13 PM	Correct	ive Action Due by: 3/6/2017	
Type Inspection		Inspector	Violation?	*Significant Non-Compliance?	
Routine/Periodi		Gilbert Core		No	
Comments on Insp	ection:	Violation of rule 19.15.2	5.8. LAST REPORTED PRODU	CTION 5-1-12.	
ROYALE FEE 001		E-19-6S-23E	30-005-62334-00-00	Inspection No. iGC1633641894	
Inspection Date:	12/1/2016	5 11:38:13 AM	Correct	ive Action Due by: 3/6/2017	
Type Inspection		Inspector	Violation?	*Significant Non-Compliance?	
Routine/Periodi	.c	Gilbert Core	dero Yes	No	
Comments on Insp			5.8. LAST REPORTED PRODU		
ROYALE FED 001		L-19-6S-23E	30-005-62335-00-00	Inspection No. iGC1633642293	
Inspection Date:	12/1/2016	5 11:44:52 AM	Correct	ive Action Due by: 3/6/2017	
Type Inspection		Inspector	Violation?	*Significant Non-Compliance?	
Routine/Periodi	C	Gilbert Core	dero Yes	No	
Comments on Insp	ection:	Violation of rule 19.15.2	5.8. LAST REPORTED PRODU	CTION 5-1-12.	
MIDDLE FORK F	EDERAL (003 F-8-6S-23E	30-005-62398-00-00	Inspection No. iGC1633637659	
Inspection Date:	12/1/2016	6 10:27:37 AM	Correct	ive Action Due by: 3/6/2017	
Type Inspection		Inspector	Violation?	*Significant Non-Compliance?	
Routine/Periodi	C	Gilbert Cor		No	
Comments on Insp	ection:	Violation of rule 19.15.2 19.15.16.8	5.8. LAST REPORTED PRODU	CTION 5-1-12. NO WELL SIGN RU	
MILLER FEDERA	L 002	F-7-6S-23E	30-005-62400-00-00	Inspection No. iGC1633636232	
Inspection Date:	12/1/2016	6 10:03:51 AM	Correct	ive Action Due by: 3/6/2017	
Type Inspection		Inspector	Violation?	*Significant Non-Compliance?	
Routine/Periodi		Gilbert Cor		No	
Comments on Insp	ection:	Violation of rule 19.15.2	5.8. LAST REPORTED PRODU	CTION 5-1-12.	
MIDDLE FORK F			30-005-62416-00-00	Inspection No. iGC1633638111	
Inspection Date:	12/1/2016	6 10:35:09 AM	Correct	tive Action Due by: 3/6/2017	
Type Inspection		Inspector	Violation?	*Significant Non-Compliance?	
Routine/Periodi	ic	Gilbert Cor	dero Yes	No	
	ic	Gilbert Cor		No	
Routine/Periodi Comments on Insp	ic æction:	Gilbert Cor	dero Yes 5.8. LAST REPORTED PRODU 30-005-62417-00-00	No CTION 5-1-12. Inspection No. iGC1633636442	
Routine/Periodi Comments on Insp	ic vection: AL 005	Gilbert Cor Violation of rule 19.15.2	dero Yes 5.8. LAST REPORTED PRODU 30-005-62417-00-00	No CTION 5-1-12. Inspection No. iGC1633636442 tive Action Due by: 3/6/2017	
Routine/Periodi Comments on Insp MILLER FEDERA Inspection Date: Type Inspection	ic ection: AL 005 12/1/2010	Gilbert Cor Violation of rule 19.15.2 M-6-6S-23E	dero Yes 5.8. LAST REPORTED PRODU 30-005-62417-00-00	No CTION 5-1-12. Inspection No. iGC1633636442 tive Action Due by: 3/6/2017 *Significant Non-Compliance?	
Routine/Periodi Comments on Insp MILLER FEDERA Inspection Date: Type Inspection Routine/Periodi	ic section: AL 005 12/1/2016 ic	Gilbert Cor Violation of rule 19.15.2 M-6-6S-23E 6 10:07:21 AM Inspector Gilbert Cor	dero Yes 5.8. LAST REPORTED PRODU 30-005-62417-00-00 Correct Violation? dero Yes	No CTION 5-1-12. Inspection No. iGC1633636442 tive Action Due by: 3/6/2017 *Significant Non-Compliance? No	
Routine/Periodi Comments on Insp MILLER FEDERA Inspection Date: Type Inspection	ic section: AL 005 12/1/2016 ic	Gilbert Cor Violation of rule 19.15.2 M-6-6S-23E 6 10:07:21 AM Inspector Gilbert Cor	dero Yes 5.8. LAST REPORTED PRODU 30-005-62417-00-00 Correct Violation? dero Yes	No CTION 5-1-12. Inspection No. iGC1633636442 tive Action Due by: 3/6/2017 *Significant Non-Compliance? No	
Routine/Periodi Comments on Insp MILLER FEDERA Inspection Date: Type Inspection Routine/Periodi Comments on Insp	ic ection: AL 005 12/1/2010 ic ection:	Gilbert Cor Violation of rule 19.15.2 M-6-6S-23E 6 10:07:21 AM Inspector Gilbert Cor Violation of rule 19.15.2 NO NETTING	dero Yes 5.8. LAST REPORTED PRODU 30-005-62417-00-00 Correct Violation? dero Yes	No CTION 5-1-12. Inspection No. iGC1633636442 tive Action Due by: 3/6/2017 *Significant Non-Compliance? No	
Routine/Periodi Comments on Insp MILLER FEDERA Inspection Date: Type Inspection Routine/Periodi Comments on Insp	ic vection: AL 005 12/1/2010 ic vection: DERAL 00	Gilbert Cor Violation of rule 19.15.2 M-6-6S-23E 6 10:07:21 AM Inspector Gilbert Cor Violation of rule 19.15.2 NO NETTING	dero Yes 5.8. LAST REPORTED PRODU 30-005-62417-00-00 Correct Violation? dero Yes 5.8. LAST REPORTED PRODU 30-005-62426-00-00	No CTION 5-1-12. Inspection No. iGC1633636442 tive Action Due by: 3/6/2017 *Significant Non-Compliance? No CTION 4-1-12. OPEN TOP TANK H	
Routine/Periodi Comments on Insp MILLER FEDERA Inspection Date: Type Inspection Routine/Periodi Comments on Insp SNAKEWEED FE	ic vection: AL 005 12/1/2010 ic vection: DERAL 00	Gilbert Cor Violation of rule 19.15.2 M-6-6S-23E 6 10:07:21 AM Inspector Gilbert Cor Violation of rule 19.15.2 NO NETTING M-18-6S-23E	dero Yes 5.8. LAST REPORTED PRODU 30-005-62417-00-00 Correct Violation? dero Yes 5.8. LAST REPORTED PRODU 30-005-62426-00-00	No CTION 5-1-12. Inspection No. iGC1633636442 tive Action Due by: 3/6/2017 *Significant Non-Compliance? No CTION 4-1-12. OPEN TOP TANK H Inspection No. iGC1633639779	
Routine/Periodi Comments on Insp MILLER FEDERA Inspection Date: Type Inspection Routine/Periodi Comments on Insp SNAKEWEED FE Inspection Date:	ic vection: 12/1/2016 ic vection: DERAL 00 12/1/2016	Gilbert Cor Violation of rule 19.15.2 M-6-6S-23E 6 10:07:21 AM Inspector Gilbert Cor Violation of rule 19.15.2 NO NETTING 01 M-18-6S-23E 6 11:02:57 AM	dero Yes 5.8. LAST REPORTED PRODU 30-005-62417-00-00 Correct Violation? dero Yes 5.8. LAST REPORTED PRODU 30-005-62426-00-00 Correct Violation?	No CTION 5-1-12. Inspection No. iGC1633636442 tive Action Due by: 3/6/2017 *Significant Non-Compliance? No CTION 4-1-12. OPEN TOP TANK H Inspection No. iGC1633639779 tive Action Due by: 3/6/2017	

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 M & M FEDERAL 005 A-19-6S-23E 30-005-62606-00-00 Inspection No. iGC1633639219 Corrective Action Due by: 3/6/2017 **Inspection Date:** 12/1/2016 10:53:37 AM **Type Inspection** Violation? *Significant Non-Compliance? Inspector Routine/Periodic Yes No Gilbert Cordero **Comments on Inspection:** Violation of rule 19.15.25.8. LAST REPORTED PRODUCTION 5-1-12.

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 Gilbert 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.