State of New Mexico Energy, Minerals and Natural Resources Department

Susana Martinez

Governor

Ken McQueen

Cabinet Secretary

Matthias Sayer

Deputy Cabinet Secretary

David CatanachDivision Director



Response Required - Deadline Enclosed

Field Inspection Program
"Preserving the Integrity of Our Environment"

19-May-17

PREMIER OIL & GAS INC

PO BOX 1246

ARTESIA NM 88210

LETTER OF VIOLATION - Inspection

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

DALE H PARKE D No.002 I-15-17S-30E 30-015-23689-00-00 Inspection *Significant Corrective Type Inspection Inspector Violation? Inspection No. Non-Compliance? Action Due By: Date iTM1713946366 05/19/2017 Routine/Periodic **Tony Morales** Yes No 8/22/2017 **Violations** General Housekeeping (Rule 114)

Comments on Inspection: OK. All Equipment and Location in Good Shape. PJO STAINING AROUND WELLHEAD OLD TUBING ON LOCATION RULE 19.15.35.7B

OLD TOBING ON EOCATION RULE 19.15.55.71

DALE H PARKE B TRACT B No.003 K-15-17S-30E 30-015-24390-00-00 Inspection *Significant Corrective **Type Inspection** Inspector Violation? Inspection No. Non-Compliance? Date Action Due By: 05/19/2017 Routine/Periodic Tony Morales Yes No 8/22/2017 iTM1713948933

Violations

Absent Well Identification Signs (Rule 103)

Comments on Inspection: OK. All Equipment and Location in Good Shape. PJ. LOCATION SIGN WORN NOT

LEGIBLE RULE 19.15.16.8

DALE H PARKE A TRACT 2 No.014

N-15-17S-30E

30-015-24391-00-00

Inspection Date

Type Inspection

Inspector

Violation?

*Significant Non-Compliance?

Corrective Action Due By:

Inspection No.

05/19/2017 Routine/Periodic Tony Morales

Yes

No

8/22/2017

iTM1713941543

Violations

General Housekeeping (Rule 114)

Comments on Inspection:

OK. All Equipment and Location in Good Shape. PJO, STAINING AROUND WELL HEAD.

OLD PJ. ON LOCATION. Rule 19.15.35.7B

DALE H PARKE A TRACT 2 No.028

Routine/Periodic

N-15-17S-30E

30-015-31100-00-00

Inspection

Type Inspection Date

Inspector Tony Morales

*Significant Violation? Non-Compliance?

Corrective Action Due By:

Inspection No.

05/19/2017

Yes

No

8/22/2017

iTM1713940752

Violations

General Housekeeping (Rule 114)

Comments on Inspection:

OK. All Equipment and Location in Good Shape.

PJ WEEDS AND OTHER DEBRIS

AROUND PJ. RULE 19.15.35.7B

DALE H PARKE A TRACT 2 No.027

N-15-17S-30E

30-015-31101-00-00

Inspection Date

Type Inspection

Inspector

Violation?

*Significant Non-Compliance?

Corrective Action Due By:

Inspection No.

05/19/2017

Routine/Periodic

Tony Morales

Yes

No

8/22/2017

iTM1713941221

Violations

General Housekeeping (Rule 114)

Comments on Inspection:

OK. All Equipment and Location in Good Shape. PJO OLD DRILL PIPE CONTAMINATED

MATERIAL ON LOCATION RULE 19.15.35.7B

DALE H PARKE A TRACT 1 No.038

O-15-17S-30E

30-015-37796-00-00

Inspection Date

Type Inspection

Inspector

Violation?

*Significant Non-Compliance?

Corrective **Action Due By:**

Inspection No.

05/19/2017

Routine/Periodic

Tony Morales

Yes

No

8/22/2017

iTM1713940190

Violations

General Housekeeping (Rule 114)

Comments on Inspection:

OK. All Equipment and Location in Good Shape.

PJ STAINING AROUND WELLHEAD

RULE 19.15.35.7B

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.

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.