

State Of New Mexico  
Energy, Minerals and Natural Resources Department

07-Nov-24

OLEUM Energy LLC  
2955 Dawn Dr  
STE 104  
Georgetown, TX 78628

Pre Enforcement Notification

Dear Operator:

The following inspection indicates that the well, equipment, location or operational status of the well 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 indicated.

Please notify the Compliance Officer copied on this letter, 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

|                                                                               |                                                                                                                          |                    |                               |
|-------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------|--------------------|-------------------------------|
| [30-015-03342] BALLARD GRAYBURG SAN ANDRES UNIT #009B                         |                                                                                                                          | OGRID: 329493      | H-08-18S-29E 1980 FNL 990 FEL |
| Inspection Date                                                               | Type Inspection                                                                                                          | Inspector          | Inspection No.                |
| 11/7/2024                                                                     | Routine Inspection                                                                                                       | [RZH] Ronald Heuer | iRZH2431254828                |
| Violation                                                                     | Title                                                                                                                    |                    | Corrective Action Due         |
| cRZH2431260102 19.15 Oil and Gas Mechanical Integrity Failure Recorded        |                                                                                                                          |                    | 2/5/2025                      |
|                                                                               | (Auto Generated Violation - MIT Failure exits.)                                                                          |                    |                               |
| cRZH2431260103 19.15.26 Injection Detection of Deficient Mechanical Integrity |                                                                                                                          |                    | 2/5/2025                      |
|                                                                               | (No 2024 UIC testing was done. Well has not been repaired or UIC testing is not in compliance. WELL IS TO STAY SHUT IN.) |                    |                               |

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.

**Note:** Information in Detail Section comes directly from field inspector data entries - not all blanks will contain data.