State Of New Mexico **Energy, Minerals and Natural Resources Department**

04-Dec-24

J & J Investments, LLC

Pre Enforcement Notification

132257 Lovington Hwy Po Box 39 Loco Hills, NM 88255

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

[30-015-10612] GRAYBURG JACKSON PSU AD #009

OGRID: 331241

A-34-17S-30E 330 FNL 640 FEL

Inspection Date 12/4/2024

Type Inspection Routine Inspection

Inspector [BZL] Barbara Lydick

Inspection No. iBZL2433948977

Violation

Corrective Action Due

cBZL2433955667 19.15.26 Injection Detection of Deficient Mechanical Integrity

3/4/2025

(2024 UIC FAILURE-operator contacted me 8/7/2023-said well was communicating and shut well in-well has not been repaired-well has not had a MIT since 2016-has not had a BHT since 2021-WELL IS TO STAY SHUT IN UNTIL REPAIRED)

cBZL2433955668 19.15 Oil and Gas Mechanical Integrity Failure Recorded

3/4/2025

(Auto Generated Violation - MIT Failure exits.)

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.