State Of New Mexico
Energy, Minerals and Natural Resources Department

27-Feb-25

SCHALK DEVELOPMENT CO
P.O. Box 25825
Albuquerque, NM 87125

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

[30-039-22351] SCHALK GULF #002 OGRID: 20389 G-08-25N-03W 1725 FNL 1640 FEL

Inspection Date	Type Inspection	Inspector	Inspection No.
2/27/2025	Routine Inspection	[CZS] Clarence Smith	iCZS255843227

Violation	Title	Corrective Action Due
cCZS255858518	19.15.16.8 Sign on Wells Inaccurate Information *(API missing and unit letter or 1/4 1/4 section.)*	5/28/2025
cCZS255858519	19.15.10.8 Safety Procedures for Drilling and Production General Housekeeping Required *(Weed around well head needs to be removed.)*	5/28/2025
cCZS255858520	19.15.17 Pits, Closed-Loop Systems, Below Grade Tanks and Sumps Noncompliance with Requirements (Construction, Operations or Closure) *(AGT door needs to remain closed.)*	5/28/2025

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.