State Of New Mexico
Energy, Minerals and Natural Resources Department

09-Apr-25

HILCORP ENERGY COMPANY
1111 Travis Street
Houston, TX 77002

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

[30-045-30985] SAN JUAN 32 8 UNIT #264H | OGRID: 372171 | L-09-32N-08W 2469 FSL 663 FWL

Inspection Date	Type Inspection	Inspector	Inspection No.
4/9/2025	Routine Inspection	[CZS] Clarence Smith	iCZS259944743

Violation	Title	Corrective Action Due
cCZS259960687	19.15.17 Pits, Closed-Loop Systems, Below Grade Tanks and Sumps Noncompliance with Requirements (Construction, Operations or Closure) *(BGT has a hydrocarbon substance in it that needs to be removed.)*	7/8/2025
cCZS259960688	19.15.29 Releases Surface Leaks/Spills *(Staining around compressor skid, oil day tank, pump jack skid engine side and inside berm needs to be removed.)*	7/8/2025

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.