Inactive Well Additional Financial Assurance Report 15989 NORMAN L & LORETTA E GILBREATH Total Well Count: 4 Printed On: Wednesday, June 21 2017

Property	Well Name	Lease Type	ULSTR	OCD Unit Letter	API	Well Type	Lest Prod/inj	Inactive Additional Bond Due	Measured Depth	Required Bond Amount	Bond Required Now	Covered By Blanket TA Bond	Bond in in Place Violatio
4668	HARVEY #001	S	N-02-25N-07W	N	30-039-21375	G	04/2017	05/01/2019	2455	7455			7455
	HARVEY #002	s	J-02-25N-07W	J	30-039-21414	G	04/2017	05/01/2019	2440	7440			0
4670	SALMON #001X	Р	M-15-29N-11W	M	30-045-08199	G	04/2016	05/01/2018	1760	6760			0
4671	WRIGHT #001	F.	O-19-30N-11W	Ó.	30-045-21174	G	11/2015		2125				0

WHERE Ogrid:15989

Exhibit 1: Financial Assurance Report

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

David R. Catanach, Division Director

Oil Conservation Division

Susana Martinez Governor

David Martin Cabinet Secretary

Tony Delfin **Deputy Cabinet Secretary** June 16, 2016

Norman L & Loretta E Gilbreath P.O. Box 208

Aztec. NM 87410

Notice of Violation

Dear Norman L & Loretta E Gilbreath,

The Oil Conservation Division ("OCD") now reviews all operators out of compliance with the OCD's financial assurance requirements. Pursuant to 19.15.8.9 NMAC, an operator is required to furnish financial assurance acceptable to the OCD in the form of an irrevocable letter of credit, plugging insurance policy, or cash or surety bond running to the state of New Mexico conditioned that the well be plugged and abandoned and the location restored and remediated in compliance with division rules. According to OCD records, Norman L & Loretta E Gilbreath is the operator of record of the attached list of wells that require additional financial assurance.

Failure to provide the OCD with acceptable financial assurance is a violation of OCD rules and the Oil and Gas Act, NMSA 1978 § 70-2 et. seq., and could be punishable by a fine of not more than one thousand dollars (\$1,000) per day for each violation. NMSA 1978, § 70-2-31.

Please review 19.15.8 NMAC to determine the types and amounts of financial assurance that the OCD accepts. Immediate action is now required. If no response is received within 30 days, the OCD will take further compliance action against Norman L & Loretta E Gilbreath, including, but not limited to, seeking a formal order to require Norman L & Loretta E Gilbreath to provide acceptable financial assurance for the its wells at an OCD hearing and pursuing other legal available remedies to obtain compliance.

If you have any questions regarding the contents of this letter, please contact the OCD Bond Administrator, Denise Gallegos at (505) 476-3453 to schedule a compliance conference to discuss the outstanding compliance issues.

Sincerely,

OCD Case 15695

Exhibit 2 Notice of Violation

Page 1 of 5

Daniel Sanchez

OCD Compliance and Enforcement Manager, UIC Program Director

Daniel Sanchez@state.rm.us

EC:

Keith Herrmann, ENMRD Assistant General Counsel

Encl: Additional Financial Assurance Report

1220 South St. Francis Drive - Santa Fe. New Mexico 87505 Phone (505) 476-3460 • Fax (505) 476-3462 • www.emnrd.state.nm.us/ocd

Inactive Well Additional Financial Assurance Report 15989 NORMAN L & LORETTA E GILBREATH Total Well Count: 4 Printed On: Monday, June 06 2016

Property	Well Name	Leane Type	ULSTR	OCD Unit Latter	API	Well Type	Lest Prod/inj	Inective Additional Bond Due	Measured Depth	Required Bond Amount	Bond Required Now	Covered By Blanket TA Bond	Send in Page	In Violation
4668	HARVEY #001	S	N-02-25N-07W	N	30-039-21375	G	03/2016	04/01/2018	2455	7455			7455	
	HARVEY #002	S	J-02-25N-07W	J	30-039-21414	G	12/2015	01/01/2018	2440	7440			0	5
4670	SALMON #001X	P	M-15-29N-11W	M	30-045-08199	G	03/2016	04/01/2018	1760	6760			0	1
4671	WRIGHT#001	F	O-19-30N-11W	0	30-045-21174	G	11/2015		2125				0	

WHERE Ogrid:15989

OCD Case 15695

Exhibit 2: Notice of Violation

Page 2 of 5

State of New Mexico Energy, Minerals and Natural Resources Department

David R. Catanach, Division Director

Oil Conservation Division

Susana Martinez Governor

David Martin Cabinet Secretary

Tony Delfin Deputy Cabinet Secretary June 29, 2016

Norman L & Loretta E Gilbreath P.O. Box 208 Aztec, NM 87410

Notice of Violation

Dear Norman L & Loretta E Gilbreath,

The Oil Conservation Division ("OCD") now reviews all operators out of compliance with the OCD's financial assurance requirements. Pursuant to 19.15.8.9 NMAC, an operator is required to furnish financial assurance acceptable to the OCD in the form of an irrevocable letter of credit, plugging insurance policy, or cash or surety bond running to the state of New Mexico conditioned that the well be plugged and abandoned and the location restored and remediated in compliance with division rules. According to OCD records, Norman L & Loretta E Gilbreath is the operator of record of the attached list of wells that require additional financial assurance.

Failure to provide the OCD with acceptable financial assurance is a violation of OCD rules and the Oil and Gas Act, NMSA 1978 § 70-2 et. seq., and could be punishable by a fine of not more than one thousand dollars (\$1,000) per day for each violation. NMSA 1978, § 70-2-31.

Please review 19.15.8 NMAC to determine the types and amounts of financial assurance that the OCD accepts. Immediate action is now required. If no response is received within 30 days, the OCD will take further compliance action against Norman L & Loretta E Gilbreath, including, but not limited to, seeking a formal order to require Norman L & Loretta E Gilbreath to provide acceptable financial assurance for the its wells at an OCD hearing and pursuing other legal available remedies to obtain compliance.

If you have any questions regarding the contents of this letter, please contact the OCD Bond Administrator, Denise Gallegos at (505) 476-3453 to schedule a compliance conference to discuss the outstanding compliance issues.

OCD Case 15695

Page 3 of 5

Exhibit 2: Notice of Violation

Sincerely,

Daniel Sanchez

OCD Compliance and Enforcement Manager, UIC Program Director

Daniel Sanchez@state.nm.us

EC: Keith Herrmann, ENMRD Assistant General Counsel

Encl: Additional Financial Assurance Report

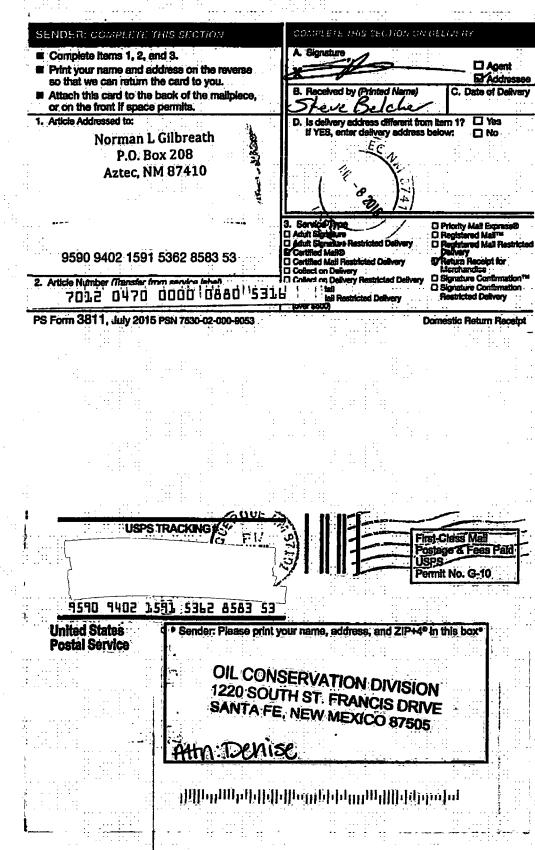
1220 South St. Francis Drive • Santa Fe, New Mexico 87505 Phone (505) 476-3460 • Fax (505) 476-3482 • www.emnrd.state.nm.us/ocd

Inactive Well Additional Financial Assurance Report 15989 NORMAN L & LORETTA E GILBREATH Total Well Count: 4 Printed On: Wednesday, June 29 2016

Propert		Lone	, JULSTR	OCD Unit	AFI	Well Type	Lest Prodint	Inactive Additional Bond Due	Magaured Depth	Required Bond Amount	Bond Required Now	Covered By Blanket TA Bond		la Actision
4668	HARVEY #001	S	N-02-25N-07W	N.	30-039-21375	G	04/2016	05/01/2018	2455	7455			7455	
	HARVEY #002	S	J-02-25N-07W	Ţ	30-039-21414	G.	04/2016	05/01/2018	2440	7440			0	7
4670	SALMON #001X	P"	M-15-29N-11W	M	30-045-08199	8	04/2016	05/01/2018	1760	6760		-: .	.0	1
4671	WRIGHT #001	, F	0-19-30N-11W	0	30-045-21174	G	11/2015		2125				0	<i>J</i>

WHERE Ogrld:15989

OCD Case 15695 Exhibit 2: Notice of Violation Page 4 of 5



OCD Case 15695 Exhibit 2: Notice of Violation Page 5 of 5

STATE OF NEW MEXICO ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT OIL CONSERVATION DIVISION

APPLICATION OF THE NEW MEXICO OIL CONSERVATION DIVISION COMPLIANCE AND ENFORCEMENT BUREAU FOR A COMPLIANCE ORDER AGAINST NORMAN L & LORETTA E GILBREATH, FOR WELLS OPERATED IN RIO ARRIBA AND SAN JUAN COUNTIES, NEW MEXICO.

CASE NO. 15695

AFFIDAVIT OF SERVICE

In accordance with 19.15.4.9 and 19.15.4.12 NMAC, I hereby certify that notice of the May 11, 2017, hearing in the above captioned case was mailed to the following party(ies) by certified mail, return receipt requested, at least 20 days prior to the hearing date, with a copy of the application:

Norman L & Loretta E Gilbreath P.O. Box 208 Aztec, NM 87410

A copy of this notice is attached as *Exhibit 3-A* to this affidavit. The notice was also published in the "the Rio Grande Sun" and "the Daily Times," newspapers of general circulation in Rio Arriba and San Juan Counties. An affidavit of publication is provided in *Exhibit 3-B*.

Keith W. Herrmann

SUBSCRIBED AND SWORN before me on this June 22, 2017.

Notary P

My Commission Expires:

01-12-20

Exhibit 3-A – Direct Notice to Operator

State of New Mexico Energy, Minerals and Natural Resources Department

Susana Martinez Governor

Ken McQueen Cabinet Secretary

Matthias Sayer Deputy Cabinet Secretary

April 12, 2017

Norman L & Loretta E Gilbreath P.O. Box 208 Aztec, NM 87410 David Catanach, Division Director Oil Conservation Division



VIA CERTIFIED MAIL, RETURN RECEIPT: 7012 0470 0000 0882 1989

Re: OCD Case No. 15695 for a Compliance Order against Norman L and Loretta E Gilbreath

Dear Operator:

Pursuant to the notice provisions contained in 19.15.4 NMAC, you are hereby notified that at 8:15 AM on May 11, 2017, the New Mexico Oil Conservation Division ("OCD") will hold a hearing in front of a Division Examiner seeking an order determining that Norman L and Loretta E Gilbreath ("Operator") (1) is out of compliance with OCD rule 19.15.8 NMAC and NMSA 1978, § 70-2-14; (2) requiring Operator to return to compliance with 19.15.8 NMAC; and (3) in the event of non-compliance, finding the Operator in violation of a Division order for each day after the deadline established in the sought order to obtain acceptable financial assurance. The hearing will be held in Porter Hall at 1220 South St. Francis Dr., Santa Fe, New Mexico.

Please review 19.15.4 NMAC to see applicable rules for division hearings. A person entitled to notice may enter an appearance at any time by filing a written notice of appearance with the division or the commission clerk, as applicable, or, subject to the provisions in Subsection C of 19.15.4.10 NMAC, by oral appearance on the record at the hearing. A party who has not entered an appearance at least one business day prior to the pre-hearing statement filing date provided in Paragraph (1) of Subsection B of 19.15.4.13 NMAC shall not be allowed to present technical evidence at the hearing unless the Oil Conservation Commission chairman or the OCD examiner, for good cause, otherwise directs.

OCD Case # 15695 Exhibit 3A: Direct Notice to Operator Page 1 of 3 April 12, 2017 Page 2

If you have any questions regarding the hearing process, please contact me at (505) 476-3463 or keith.herrmann@state.nm.us.

Sincerely

Keith Herrmann

Attorney for the New Mexico Oil Conservation Division

Compliance and Enforcement Bureau

Encl: OCD Case No. 15695 Compliance and Enforcement Bureau Application for Hearing

OCD Case # 15695

Exhibit 3A: Direct Notice to Operator

Page 2 of 3

		:
SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON	I DELIVERY:
Complete Items 1, 2, and 3.	A. Signature	
Print your name and address on the reverse	X	III Aged
so that we can return the card to you. D Attach this card to the back of the maliplece, or on the front if space permits.	B. Received by Printed Name)	C. Date of De
1. Article Addressed to:	D. is delivery address different fro	
Norman L & Loretta E Gilbreath 5 P.O. Box 208 Aztec, NM 87410	If YES, enter delivery address	below: No
* And the state of	3. Service Type D Adult Signature Restricted Delivery	O Priority Mail Expres O Registered Mail* O Registered Mail Re
9590 9402 1826 6104 4474 94	Certified Mail® Certified Mail Restricted Delivery Collect on Delivery	Delivery D Return Receipt for Merchandise
2. Article Number (Transfer from service table) 7013.0470.0000.0883.1989	Collect on Delivery Restricted Delivery It insured Mail It issued Mail Restricted Delivery Green \$600)	Signature Confirms Signature Confirms Restricted Delivery
PS Form 3811, July 2015 PSN 7530-02-000-8053		Domestic Return Rei
	Postage USPS	ass Mall & Fees Paid No. G-10
9590 9402 1826 6104 4474 94		
United States Sender: Please print your	name, address, and ZIP+4° in thi	is box*
Natural Res Office of th	Guergy, Minerals and outces Department e General Counsel SE Francis Drive	
Santa I	e-NM 87505	
Latin: Keith H	emmoan	
րդիկինութունիք	արիսծովիունակնու	li

OCD Case # 15695 Exhibit 3A: Direct Notice to Operator Page 3 of 3 ${\it Exhibit~3-B-Affidavit~of~Publication}$



Affidavit of Publication

State of New Mexico County of Rio Arriba

OCD Case # 15695 **Exhibit 3-B: Affidavit of Publication** Page 1 of 3

I, Robert Trapp, being first duly sworn, declare and say I am the Publisher of the Rio Grande SUN, a weekly newspaper published in the English language and having a general circulation in the County of Rio Arriba, State of New Mexico, and being a newspaper duly qualified to publish legal notices and advertisements under the provisions of Chapter 167 of the Session Laws of 1937. The publication, a copy of which is hereto attached, was published in said paper once each week for

consecutive weeks and on the same day of each week in the regular issue of the paper during the time of publication and the notice was published in the newspaper proper, and not in any supplement. The first publication being on the

	Publis	her's Bill		20 day of April, 207
125	lines one time	at \$78.75	 	and the last publication on theday of
				April 2071
			: : :.	been duly made, or assessed as court costs. The undersigned
	lines	times at		has personal knowledge of the matters and things set forth in this affidavit.
. :	:		1	\mathcal{L}_{i} and \mathcal{L}_{i}
		Affidavit 45,00		

Subtotal \$ 83.75

Subscribed and sworn to before me this <u>30</u> A.D. 2017 day of

Total \$90.92

Payment received at RIo Grande SUN

Lopez Garcia /Notary Public My commission expires 13 July 2017

this



Affidavit of Publication

PO# 52100-000008#017 NOTICE OF HEARING STATE OF NEW MEXICO ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT OIL CONSERVATION DIVISION SANTA FE **NEW MEXICO**

The State of New Mexico through its Oil Conservation Division hereby gives well of theilering epiton and the Rules and Regulations of the Division of the following public hear-ing, to be held at 8:15 AlM. on May 11, 2017, In the Oil Conservation Division Hearing Room, at 1220 South St., Francis Drive. Santa Fe. New Mexico, before an examiner duly appointed for the hearing: If you are an Individual with a disability who is in need of a mader, simplifier, qualified sign landuage (Interpreter, or any other form of auxiliary aid or service to attend or participate in the hearing, please contact Florene Davidson at 505-476-3458 or through the New Mexico Relay Network, 1-800-659-1779 by May 1, 2017 Public documents, «Including the agenda and minutes: can. be provided in various apcessible forms tPlease contact Florene Davidson if a summary or other type: of accessible form is needed. Asparty who plans on using projection equipment at a hearing must contact Florene Davidson seven: (7) business days prior to the hearing requesting the use of the projection equipment Wireless inter-net is available; however, the party must provide its own laptop computer. XX STATE OF NEW MEX-ICO TO: All named parties and persons hav-

ing any right, title, in-

a compliance order (1) determining operator Norman/L & Loretta E.Gilbreath ("Operator") la out of compliance with 19.15.8 NMAC and NMSA 1978, 570-2-14: (2) requiring Operator to return to compliance with 19.15.8 NMAC: and (3) in the event of non-compliance, finding the Operator in violation of a Division order for each day after the deadline established in the sought order. to obtain ecceptable fin-ancial assurance. Given under the Sectiof the State of New Mexico Oll Conservation Commission at Santa Fe. New. Mexico on this 12th day of April, 2017. STATE OF **NEW MEXICO** OIL CONSERVATION DIVISION David R. Catanach Director, Oil Conservation Division SEAL (Published April 20, 2017) nes at

County of Rio Arriba I. Robert Trapp, being first duly sworn, declare and say I am the Publisher of the Rio Grande SUN, a weekly newspaper published in the English language and having a general circulation in the County of Rio Arriba. State of New Mexico, and being a newspaper duly qualified to publish legal notices and advertisements under the provisions of Chapter 167 of the Session Laws of 1937. The publication, a copy of which is hereto attached, was published in said paper once each week for consecutive weeks and on the same day of each week in the regular issue of the paper during the time of publication and the notice was published in the newspaper proper, and not in any supplement. The first publication being on the April , 207 20 day of and the last publication on the _____ day of April 2011 Payment for said advertisement has been duly made, or assessed as court costs. The undersigned has personal knowledge of the matters and things set forth in this affidavit. ubtotal \$ 83.75 Subscribed and sworn to before me this <u>JO</u> A.D. 2017

State of New Mexico

OCD Case # 15695 Exhibit 3-B: Affidavit of Publication Page 2 of 3

OK Sel

AFFIDAVIT OF PUBLICATION

Ad No. 73817

STATE OF NEW MEXICO County of San Juan:

SAMMY LOPEZ, being duly sworn says: That he IS the PRESIDENT of THE DAILY TIMES, a daily newspaper of general circulation published in English at Farmington, said county and state, and that the hereto attached Legal Notice was published in a regular and entire issue of the said DAILY TIMES, a daily newspaper duly qualified for the purpose within the State of New Mexico for publication and appeared in the Internet at The Daily Times web site on the following day(s):

Saturday, April 15, 2017

And the cost of the publication is \$188.34

SAMMY LOPEZ appeared before me, whom I know personally to be the person who signed the above document on the 17th of April, 2017.

OFFICIAL SEAL
MELISSA GONZALEZ
NOTARY PUBLIC

NOTARY PUBLIC
STATE OF NEW MEXICO

My commission expires 12:30:20

signature of Notary Helisən Conzulez

NOTARY PUBLIC

of the

COPY OF PUBLICATION

NOTICE OF HEARING

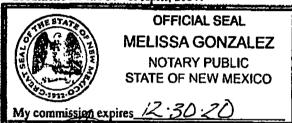
STATE OF NEW MERICO
ENERGY MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION
SANTAFE, NEW MEXICO
The State of New Mexico, through its Qil Conservation Division hearing point flearing to be held
at BLETAM. on May 11, 2017; in the Oil Conservation Division hearing Room at 1220 South St.
Francis Drive, Santalfe, New Mexico, before an
examiner duly appointed floor, the phesqing. If you
are an incidifical with a disability who is in need
of a feader, amplifier, qualified sign language
interpreter, or any dither form of plandilary, ald or
servige to attend or participate drifting hearing,
please contact Florene Davidson at 505-4763458 or althrough the agenda and minutes,
can be appyided in various accessible, forms.
Please contact Florene Davidson's seven of business of accessible, forms.
Please contact Florene Davidson's seven of business of secessible, forms.
Please contact Florene Davidson's seven of business on using projection equipment
at a hearing must contact, Florene Davidson
seven of business days indo the however, the party
of other type of accessible form is needed. A
party who plans on using projection equipment
at a hearing must contact, Florene Davidson
seven of business away indo the hearing requesting the use of the projection equipment
at a hearing must contact, Florene Davidson
fever of business away indo the hearing requesting the use of the projection equipment
at hearing must contact, Florene Davidson
fever of hearing and the however, the party
of must provide hits, own, laptop, computer,
staff of New Mexico, Oil Alliamed parties
and persons baving any right, title; interest or
claim, in the following cases and notice to the
public (NOTE: All land descriptions herein refer
to the New, Mexico, Oil Conservation Division
formulation of the hearing of the provisions
of NNSA 1978; 570-212 for a compliance order
of the New, Mexico, Oil Conservation Division
for Division of oil of the provision of the compliance
with 19158 NMAC, and (3) in the events of

and that the hereto attached Legal Notice was published in a regular and entire issue of the said DAILY TIMES, a daily newspaper duly qualified for the purpose within the State of New Mexico for publication and appeared in the Internet at The Daily Times web site on the following day(s):

Saturday, April 15, 2017

And the cost of the publication is \$188.34

SAMMY LOPEZ appeared before me, whom I know personally to be the person who signed the above document on the 17th of April, 2017.



of Natory Helisan Consules

NOTARY PUBLIC

ं अ का पात

OCD Case # 15695 Exhibit 3-B: Affidavit of Publication Page 3 of 3

are an individual with a disability who is in need of a reader, amplifier, qualified sign language interpreter, or any other form of auditary aid or service to attend or participate in the hearing please contact. Florene Davidson at 505-476-3458 or through the New Mexico Relay Network, 1,800-659-1879 by May 1, 2017, Public documents, including the agenda and minutes, can be provided in various accessible forms please contact Florene Davidson if a summary or other type of faccessible form is needed. A party who plans on using projection equipment at a hearing must contact Florene Davidson seven (7) business days gifor to the hearing requesting the use of the projection equipment. Wireless internet is available; however, the party must provide its own laptop computer, STATE OF NEW MEXICO TO. All named parties and persons having any right title interest or questing the use of the projection equipment.
Wireless internethis available; however, the party. Thist provide its own, laptop computer, STATE On NEW MERICO 10: All named parties and persons having any right, title, interest or claim in the following cases and notice to the public. (NOTE: All land descriptions herein refer to the New Mexico. Principal Meridan whether or not so stated). Case No. 155837 Application of The New, Mexico Oil Conservation Division Compilance order against Norman 1: & Loretta E. Gilbreath, for Wels. Operated in Rio Arriba and San Juan Counties. New Mexico. The New Mexico. Oil Conservation Division. Compilance order (Ulfdetermining operator. Norman 1: & Loretta E. Gilbreath. (Coperator.). Is out of compilance with 1915.8 NMAC; and (3) in the event of non-compilance, finding the Operator in violation of a Division order for each day after the deadline established in the sought order to obtain acceptable financial assurance. Case No. 15696: Application of The New Mexico. The New Mexico. Oil Conservation Division Compilance order (1) described in San Juan County, New Mexico. The New Mexico. The New Mexico. The New Mexico. The New Mexico. Oil Conservation Division order for each day after the deadline established in the Operator in violation or Division order. To polian acceptable financial assurance. (1) described in San Juan County, New Mexico. The New Mexico. Oil Conservation Division of Compilance order (1) described in San Juan County, New Mexico. The New Mexico. Oil Conservation Di

Director, Oll Conservation; Division S EA'L.

Legal No. 73817 published in The Daily Times on April 15, 2017.