State Of New Mexico Energy, Minerals and Natural Resources Department

Michelle Lujan Grisham Governor Sarah Cottrell Propst Cabinet Secretary

Todd E. Leahy, JD, PhD Deputy Cabinet Secretary Adrienne Sandoval
Division Director



Field Inspection Program
"Preserving the Integrity of Our Environment"



20-Jul-20

POCO Resources LLC 3307 E Castleberry Road Artesia, NM 88210 **LETTER OF VIOLATION - Field Inspection**

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 proper district office of the Division, 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

[30-015-01912] WELCH STATE #005

OGRID: 373121

J-17-18S-28E 1570 FSL 2390 FEL

Inspection DateType InspectionInspectorCorrective Action Due ByInspection No.7/15/2020Routine Inspection[GC] Gilbert Cordero10/13/2020iGC2019732357

Violations:

Rule Violation

19.15.16.8 Sign on Wells Inaccurate Information

Comment:

OPERATOR NAME (SMITH AND MARRS) NOT CORRECT

19.15.10.8 Safety Procedures for Drilling and Production General Housekeeping Required

Comment:

OUT OF SERVICE EQUIPMENT MUST BE REMOVED FROM TB AREAS

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.

Sincerely,

Staff Manager

Artesia OCD District Office

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

Oil Conservation Division * 811 S. First St. * Artesia, NM 88210 Phone: 575-748-1283 * Fax: 575-748-9720 * www.emnrd.state.nm.us

From: <u>Cordero, Gilbert, EMNRD</u>
To: <u>adam@pocores.com</u>

Subject: LOV

 Date:
 Monday, July 20, 2020 10:26:00 AM

 Attachments:
 3001524489 POCO 7 15 2020.pdf

3001510525 POCO 7 15 2020.pdf 3001510452 POCO 7 15 2020.pdf 3001501920 POCO 7 15 2020.pdf 3001501916 POCO 7 15 2020.pdf 3001501912 POCO 7 15 2020.pdf 3001501909 POCO 7 15 2020.pdf 3001501906 POCO 7 15 2020.pdf

Good morning Mr. Olguin,

Attached please find a Letter of Violation (LOV) for the following wells. If you have any questions please contact me.

30-015-01906 Adkins Williams State 006

30-015-01919 Welch State 002

30-015-01912 Welch State 005

30-015-01916 Adkins Williams State 002

30-015-01920 Adkins Williams State 002Y

30-015-10452 Welch State 004

30-015-10525 Welch State 003Y

30-015-24489 Gilmore State 002

Thank you,

Gilbert Cordero Staff Manager NMOCD NM South Office 575.748.1283 ext.114 Cell 575.626.0830