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

<u>"Response Required - Deadline</u> <u>Enclosed"</u>

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

| [30-015-10525] WELCH STATE #003Y | | | OGRID: 373121 | K-17-18S-28E 1650 FSL 2310 FWL | |
|---|--|-----------------------------------|---|------------------------------------|--|
| Inspection Date 7/15/2020 | Type Inspection Routine Inspection | Inspector [GC] Gilbert Cordero | Corrective Action Due By 10/13/2020 | Inspection No. iGC2019736363 | |
| Violations: | | | | | |
| Rule | | | | Violation | |
| 19.15.16.8 Sign on Wells | | | | Absent Well Identification Sign | |
| Comment: LOCATION SIGN | NOT VISIBLE. MUS | T HAVE SIGN BY WELL | | - | |
| 19.15.10.8 Safety Procedures for Drilling and Production | | | | General Housekeeping Required | |
| Comment: STAINING AROUND WELL HEAD AND PILE OF CONTAMINATED MATERIALS MUST BE REMOVED AND DOCUMENTED | | | | | |

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, APP ee ~>

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: | Cordero, Gilbert, EMNRD |
|--------------|-----------------------------------|
| То: | adam@pocores.com |
| 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