

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

David Martin -
Cabinet Secretary

Tony Delfin
Deputy Cabinet Secretary

David Catanach, Director
Oil Conservation Division



Response Required - Deadline Enclosed

Field Inspection Program
"Preserving the Integrity of Our Environment"

15-Jun-16

KEY ENERGY SERVICES, LLC
418 South Grimes
Hobbs NM 88240

LETTER OF VIOLATION - Inspection

Dear Operator:

The following inspection(s) indicate that the well, equipment, location or operational status of the well(s) 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(s) indicated.

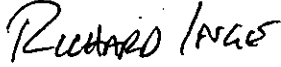
Please notify the proper district office of the Division, in writing, of the date corrective actions are scheduled to be made so that arrangements can be made to reinspect the well and/or facility.

INSPECTION DETAIL SECTION

BKE No.001		H-13-23S-27E		30-015-23493-00-00		
Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
06/15/2016	Routine/Periodic	Richard Inge	Yes	No	9/18/2016	iRE11616736094
Comments on Inspection:						
05/10/2016 - Verifying tubing pressure - 1480psi. Pump down for maintenance. Should be up in a couple of hours.						
05/23/2016 - Verify tubing pressure. Max is 1350. Guage reads 1780 and pump is running.called wayne price - he will have someone in key c/b.						
05/23/2016 - from Bobby Sisson w/Key - They will investigate. Pump is variable speed. They had cut the pressure back to 1300 and plan on setting up pump to slow down when upper pressure is reached. They plan on doing an acid job on the well tomorrow.						
06/15/16 - Well is injecting. 1520psi on tubing. Max pressure is 1350. Pump is running. 170psi over max pressure. Must shut-in well until you can prove you can inject below max pressure or Injection Pressure Increase is granted.						

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,



Artesia OCD District Office

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

*Significant Non-Compliance events are reported directly to the EPA, Region VI, Dallas, Texas.