State of New Mexico Energy, Minerals and Natural Resources Department

Susana Martinez

Governor

David Martin

Cabinet Secretary

David Catanach, Director

Oil Conservation Division

Tony Delfin

Deputy Cabinet Secretary

Response Required - Deadline Enclosed

Field Inspection Program "Preserving the Integrity of Our Environment"

01-Jul-16

LARRY MARKER DBA MARKER OIL

PO BOX 3188

Roswell NM 88202-8202

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.

NORTH SQUARE LAKE UNIT No.043 Inspection				H-29-16S-31E *Significant	30-015-04909-00-00 Corrective	
Date	Type Inspection	Inspector	Violation?	Non-Compliance?	Action Due By:	Inspection No.
07/01/2016	Routine/Periodic Violations	Tony Morales	Yes	No	10/4/2016	iTM1618333992
	General Housekeeping (Rule 114)					
	on Inspection: OK. All Equipm FRESH OIL OUARE LAKE UNIT No.166	ent and Location in	Good Shape	. PJO STAINING A	ROUND WELL HEAD 30-015-04968-00-0	
Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
07/01/2016	Routine/Periodic	Tony Morales	Yes	No	10/4/2016	iTM1618337746
	Violations	•				
	Absent Well Identification Signs (Ru	ıle 103)				
Comments of	on Inspection: OK. All Equipm	ent and Location in	Good Shape	. PJ. LOCATION SI	GN NOT VISIBLE.	

INSPECTION DETAIL SECTION

NORTH SQUARE LAKE UNIT No.149 L-33-16S-31E 30-015-04969-00-00 Inspection *Significant Corrective **Type Inspection** Inspector Violation? Inspection No. Date Non-Compliance? Action Due By: 07/01/2016 Routine/Periodic Tony Morales Yes No 10/4/2016 iTM1618338139 Violations Absent Well Identification Signs (Rule 103) Comments on Inspection: OK. All Equipment and Location in Good Shape. PJ LOCATION SIGN NOT VISIBLE. B-33-16S-31E NORTH SQUARE LAKE UNIT No.135 30-015-04984-00-00 Inspection *Significant Corrective Inspection No. Type Inspection Inspector Violation? Date Non-Compliance? **Action Due By:** 07/01/2016 Routine/Periodic Tony Morales Yes No 10/4/2016 iTM1618341577 Violations Absent Well Identification Signs (Rule 103) Comments on Inspection: OK. All Equipment and Location in Good Shape. PJ. LOCATION SIGN NOT VISIBLE, TANK BATTERIES OK NORTH SQUARE LAKE UNIT No.153 L-34-16S-31E 30-015-04993-00-00 Inspection *Significant Corrective Type Inspection Inspector Violation? Inspection No. Date Non-Compliance? Action Due By: 07/01/2016 Routine/Periodic Tony Morales Yes No 10/4/2016 iTM1618342504 Violations Absent Well Identification Signs (Rule 103) General Housekeeping (Rule 114) **Comments on Inspection:** OK. All Equipment and Location in Good Shape. PJ. STAINING AROUND WELL HEAD. LOCATION SIGN NOT VISIBLE. CONTAMINATED MATERIAL NEXT TO WELL HEAD. STAINED AREA APPROX 10' X 15' NORTH SQUARE LAKE UNIT No.106 B-32-16S-31E 30-015-25029-00-00 Inspection *Significant Corrective **Type Inspection** Violation? Inspection No. Inspector Date Non-Compliance? Action Due By: 07/01/2016 Routine/Periodic Tony Morales Yes No 10/4/2016 iTM1618335688 Violations General Housekeeping (Rule 114) Comments on Inspection: OK. All Equipment and Location in Good Shape. PJO. STAINING AROUND WELL HEAD. STAINED AREA APPROX. 10' X 15' NORTH SOUARE LAKE UNIT No.177 G-29-16S-31E 30-015-32907-00-00 Inspection *Significant Corrective Violation? Inspection No. Type Inspection Inspector Date Non-Compliance? Action Due By: 07/01/2016 iTM1618333226 Routine/Periodic **Tony Morales** Yes No 10/4/2016 Violations General Housekeeping (Rule 114) Comments on Inspection: OK. All Equipment and Location in Good Shape. PJO. STAINING AROUND WELL HEAD. CONTAMINATED MATERIAL ON LOCATION NORTH SQUARE LAKE UNIT No.187 F-33-16S-31E 30-015-33102-00-00 Inspection *Significant Corrective Inspection No. Type Inspection Inspector Violation? Date Non-Compliance? Action Due By: 07/01/2016 Routine/Periodic Tony Morales Yes No 10/4/2016 iTM1618340277 Violations General Housekeeping (Rule 114) Comments on Inspection: OK. All Equipment and Location in Good Shape. PJO. STAINING AROUND WELL HEAD J-32-16S-31E NORTH SQUARE LAKE UNIT No.202 30-015-41824-00-00 *Significant Inspection Corrective Violation? Inspection No. Type Inspection Inspector Date Non-Compliance? Action Due By: 07/01/2016 Routine/Periodic Tony Morales Yes 10/4/2016 iTM1618336838 No Violations

STAINED AREA APPROX. 10' X 15'

OK. All Equipment and Location in Good Shape. PJO. STAINING AROUND WELL HEAD.

General Housekeeping (Rule 114)

Comments on Inspection:

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 Divison 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.