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"

05-Jul-16

ALAMO PERMIAN RESOURCES, LLC

415 W. WALL STREET, SUITE 500 MIDLAND TX 79701

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.

| | | | INSPECTIO | N DETAIL | SECTION | | |
|---------------------------------|--|----------------|--|------------|--|---|-----------------------|
| SMITH ST. Inspection Date | ATE No.001 Type Inspection | | Inspector | Violation? | A-4-18S-28E *Significant Non-Compliance? | 30-015-02556-00-0 Corrective Action Due By: |)0 Inspection No. |
| 07/05/2016 | Routine/Period Violations General Housekee | | Tony Morales | Yes | No | 10/8/2016 | iTM1618741585 |
| | | | ent and Location in RIES NO CONTAIL | | | ROUND WELL HEA | |
| SOLT STA Inspection Date | TE No.002 Type Inspection | | Inspector | Violation? | P-5-18S-28E *Significant Non-Compliance? | 30-015-25278-00-0 Corrective Action Due By: |)() Inspection No. |
| 07/05/2016 | Routine/Period Violations | | Tony Morales | Yes | No | 10/8/2016 | iTM1618750035 |
| | | | | | | | |
| | General Housekee | omg (Rule 114) | | | | | |

| SOLT STAT | ΓΕ No.003 | | | | O-5-18S-28E *Significant | 30-015-25390-00-0 Corrective | 0 |
|--------------------------------|--|------------------------------|--|--------------|--|---|----------------------|
| Date | Type Inspection | L | Inspector | Violation? | Non-Compliance? | Action Due By: | Inspection No. |
| 07/05/2016 | Routine/Perio Violations General Houseke | dic eping (Rule 114) | Tony Morales | Yes | No | 10/8/2016 | iTM1618750503 |
| Comments of | on Inspection: | OK. All Equip: TO WELL HE | ment and Location ir AD | 1 Good Shape | . PJ CONTAMIN | ATED MATERIAL NI | EXT |
| FEATHERS Inspection Date | STONE STAT Type Inspection | | Inspector | Violation? | K-2-18S-28E *Significant Non-Compliance? | 30-015-39591-00-0 Corrective Action Due By: | () Inspection No. |
| 07/05/2016 | Routine/Perio Violations General Houseke | dic eping (Rule 114) | Tony Morales | Yes | No | 10/8/2016 | iTM1618730467 |
| Comments | on Inspection: | | ment and Location ir TED MATERIAL C | | | ROUND WELL HEAD | D |
| FEATHERS Inspection Date | STONE STAT Type Inspection | | Inspector | Violation? | F-2-18S-28E *Significant Non-Compliance? | 30-015-39592-00-0 Corrective Action Due By: | 0 Inspection No. |
| 07/05/2016 | Routine/Peric Violations General Houseke | dic eping (Rule 114) | Tony Morales | Yes | No | 10/8/2016 | iTM1618732900 |
| Comments o | on Inspection: | OK. All Equip | | | . PJ. STAINING AR CKER ROD ON LOO | OUND WELL HEAD. | |

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.