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"

14-Sep-16

REMNANT OIL OPERATING, LLC PO BOX 5375 MIDLAND TX 79704

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 | N DETAII | L SECTION | | |
|--|--------------------------------|-----------------------------|------------|--|--|---------------------|
| BO FEDERAL Inspection Date Type Inspection | | No.001 Inspector | Violation? | H-23-9S-25E *Significant Non-Compliance? | 30-005-61042-00-0 Corrective Action Due By: | O Inspection No. |
| 09/14/2016 | Routine/Periodic | Gilbert Cordero | Yes | No | 12/18/2016 | iGC1625845415 |
| Comments o | on Inspection: Well Si | gn (Rule 19.15.16.8). OPERA | ATOR NAM | E (LEGACY) IS NO | T CORRECT | |
| PECOS RIV Inspection Date | VER FEDERAL Type Inspection | No.001 Inspector | Violation? | K-23-9S-25E *Significant Non-Compliance? | 30-005-61237-00-0 Corrective Action Due By: | 0 Inspection No. |
| 09/14/2016 | Routine/Periodic | Gilbert Cordero | Yes | No | 12/18/2016 | iGC1625841349 |
| Comments | on Inspection: Well Si | gn (Rule 19.15.16.8). OPER | ATOR NAM | E (LEGACY) IS NO | T CORRECT | |
| LEEMAN FEDERAL Inspection Date Type Inspection | | No.002 Inspector | Violation? | P-12-9S-25E *Significant Non-Compliance? | 30-005-61838-00-0 Corrective Action Due By: | 0 Inspection No. |
| 09/14/2016 | Routine/Periodic | Gilbert Cordero | Yes | No | 12/18/2016 | iGC1625846213 |
| Comments | on Inspection: Well Si | gn (Rule 19.15.16.8). OPER | ATOR NAM | E (LEGACY) IS NO | T CORRECT | |

| TOLMAC STATE Inspection | | No.003 | | | G-36-9S-25E *Significant | 30-005-61926-00-0 Corrective | 0 |
|----------------------------|--|----------------|---------------------|-------------------|---------------------------------|-------------------------------------|----------------|
| Date | Type Inspection | | Inspector | Violation? | Non-Compliance? | Action Due By: | Inspection No. |
| 09/14/2016 | Routine/Periodic | | Gilbert Cordero | Yes | No | 12/18/2016 | iGC1625834478 |
| Comments o | n Inspection: We | ell Sign (Rule | 19.15.16.8). SIGN I | S NOT LEG | IBLE | | |
| PJ FEDERA Inspection | AL COM No.(| | 02 | | B-13-9S-25E *Significant | 30-005-62047-00-(Corrective | 00 |
| Date | Type Inspection | | Inspector | Violation? | Non-Compliance? | Action Due By: | Inspection No. |
| 09/14/2016 | Routine/Periodic | | Gilbert Cordero | Yes | No | 12/18/2016 | iGC1625846388 |
| Comments o | n Inspection: We | ell Sign (Rule | 19.15.16.8). OPER/ | ATOR NAM | E (LEGACY) IS NOT | T CORRECT | |
| TOLMAC S | TATE | No.00 | 94 | | F-36-9S-25E | 30-005-62209-00-(|)0 |
| Inspection | T | | T | ¥7* - 1 - 4* 0 | *Significant | Corrective | T NI- |
| Date | Type Inspection | | Inspector | Violation? | Non-Compliance? | Action Due By: | Inspection No. |
| 09/14/2016 | Routine/Periodic | | Gilbert Cordero | Yes | No | 12/18/2016 | iGC1625834635 |
| Comments o | n Inspection: We | ell Sign (Rule | 19.15.16.8). OPER/ | ATOR NAM | E (LEGACY) IS NOT | I CORRECT | |
| RICK FEDE | | | .001 | | H-26-9S-25E *Significant | 30-005-62215-00-0 Corrective | 00 |
| Date | Type Inspection | | Inspector | Violation? | Non-Compliance? | Action Due By: | Inspection No. |
| 09/14/2016 | Routine/Periodic | | Gilbert Cordero | Yes | No | 12/18/2016 | iGC1625838031 |
| Comments o | n Inspection: We | ell Sign (Rule | 19.15.16.8). OPERA | ATOR NAM | E (LEGACY) IS NO | T CORRECT | |
| MM FEDEF | RAL | No.004 | | | 0-25-9S-25E | 30-005-62449-00-0 |)0 |
| Inspection Date | Type Inspection | | Inspector | Violation? | *Significant Non-Compliance? | Corrective Action Due By: | Inspection No. |
| 09/14/2016 | Routine/Periodic | | Gilbert Cordero | Yes | No | 12/18/2016 | iGC1625833995 |
| Comments o | n Inspection: We | ell Sign (Rule | 19.15.16.8). OPERA | ATOR NAM | E (LEGACY) IS NO | T CORRECT | |
| MM FEDEF | ΑΤ | No.005 | | | E-25-98-25E | 30-005-62450-00-0 | M |
| Inspection | | 110.003 | | | *Significant | Corrective | - |
| Date | Type Inspection | | Inspector | Violation? | Non-Compliance? | Action Due By: | Inspection No. |
| 09/14/2016 | Routine/Periodic | | Gilbert Cordero | Yes | No | 12/18/2016 | iGC1625838199 |
| Comments o | n Inspection: We | ell Sign (Rule | 19.15.16.8). OPERA | ATOR NAM | E (LEGACY) IS NO | T CORRECT | |
| MM FEDEH | RAL | No.006 | j | | I-26-9S-25E | 30-005-62451-00-0 |)0 |
| Inspection | The second s | | T | ¥72-1-429 | *Significant | Corrective | Inspection No. |
| Date 09/14/2016 | Type Inspection | | Inspector | Violation? Yes | Non-Compliance? No | Action Due By: 12/18/2016 | iGC1625837841 |
| | Routine/Periodic | | Gilbert Cordero | | ING IE (LEGACY) IS NO | | 10C1023637641 |
| | | | 19.13.10.0). Of LK | | | | |
| MM FEDER | RAL | No.007 | , | | K-25-9S-25E *Significant | 30-005-62493-00-6 Corrective | 00 |
| Inspection Date | Type Inspection | | Inspector | Violation? | Non-Compliance? | Action Due By: | Inspection No. |
| 09/14/2016 | Routine/Periodic | | Gilbert Cordero | Yes | No | 12/18/2016 | iGC1625836561 |
| Comments o | on Inspection: W | ell Sign (Rule | 19.15.16.8). OPER. | ATOR NAM | E (LEGACY) IS NO | T CORRECT | |
| MM FEDEH | RAL | No.008 | } | | G-25-9S-25E | 30-005-62494-00-0 | 00 |
| Inspection | | | | | *Significant | Corrective | |
| - | Type Inspection | | Inspector | Violation? | Non-Compliance? | Action Due By: | Inspection No. |
| Date | | | | | | | |
| Date 09/14/2016 | Routine/Periodic | | Gilbert Cordero | Yes | No | 12/18/2016 | iGC1625837247 |

| RICK FED Inspection Date | ERAL Type Inspection | No.00 | 2 Inspector | Violation? | P-23-9S-25E *Significant Non-Compliance? | 30-005-62533-00- Corrective Action Due By: | DO Inspection No. |
|--------------------------------|----------------------------------|-----------------|------------------------------|------------|--|--|----------------------|
| 09/14/2016 | Routine/Perio | odic | Gilbert Cordero | Yes | No | 12/18/2016 | iGC1625838566 |
| Comments | on Inspection: | Well Sign (Rule | 19.15.16.8). OPER | ATOR NAM | E (LEGACY) IS NO | T CORRECT | |
| JILL FEDE Inspection | RAL | No.001 | | | K-24-9S-25E *Significant | 30-005-62640-00-(Corrective | DO |
| Date | Type Inspection | n | Inspector | Violation? | Non-Compliance? | Action Due By: | Inspection No. |
| 09/14/2016 | Routine/Perio | odic | Gilbert Cordero | Yes | No | 12/18/2016 | iGC1625838730 |
| Comments o | on Inspection: | Well Sign (Rule | 19.15.16.8). OPER | ATOR NAM | IE (LEGACY) IS NO | T CORRECT | |
| MM FEDEI Inspection | RAL COM Type Inspection | | 0.010 | Violation? | A-35-9S-25E *Significant | 30-005-62676-00-6 Corrective | 00 Inspection No. |
| Date 09/14/2016 | •• • | | - | | Non-Compliance? | Action Due By: | - |
| | Routine/Perio | | Gilbert Cordero | Yes | No | 12/18/2016 | iGC1625835603 |
| Comments | on Inspection: | Well Sign (Rule | 19.15.16.8). OPERA | ATOR NAM | IE (LEGACY) IS NO' | I CORRECT | |
| TOLMACK Inspection | STATE No.0 | 05 | | | A-36-9S-25E *Significant | 30-005-63195-00- Corrective | |
| Date | Type Inspection | | Inspector | Violation? | Non-Compliance? | Action Due By: | Inspection No. |
| 09/14/2016 | Routine/Perio | odic | Gilbert Cordero | Yes | No | 12/18/2016 | iGC1625833626 |
| Comments o | on Inspection: | Well Sign (Rule | 19.15.16.8). OPER. | ATOR NAM | IE (LEGACY) IS NO | TCORRECT | |
| MM FEDE Inspection Date | RAL No.011 Type Inspection | a | Inspector | Violation? | C-25-9S-25E *Significant Non-Compliance? | 30-005-63199-00- Corrective Action Due By: | DO Inspection No. |
| 09/14/2016 | Routine/Perio | | Gilbert Cordero | Yes | No | 12/18/2016 | iGC1625837427 |
| | on Inspection: | - | | | IE (LEGACY) IS NO | | 1001020001 (2) |
| | | | | | L 26 00 25E | 20.005 (255(00) | |
| IOLNACK Inspection Date | X STATE No.0 Type Inspection | | Inspector | Violation? | L-36-9S-25E *Significant Non-Compliance? | 30-005-63566-00- Corrective Action Due By: | UU Inspection No. |
| 09/14/2016 | Routine/Peric | odic | Gilbert Cordero | Yes | No | 12/18/2016 | iGC1625832949 |
| Comments | on Inspection: | | 19.15.16.8). OPER | ATOR NAM | IE (LEGACY) IS NO | TCORRECT | |
| MM 25 FEI | DERAL No.012 | 2 | | | M-25-9S-25E | 30-005-63712-00- | 00 |
| | | | Transatar | \$72×1×42× | *Significant | Corrective | Inspection No. |
| Inspection | Tune I | | | Violation? | Non-Compliance? | Action Due By: | THERECTION 140' |
| | Type Inspection Routine/Peric | | Inspector Gilbert Cordero | Yes | No | 12/18/2016 | iGC1625835155 |

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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,

Gilbert Cordero Compliance Officer

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.