

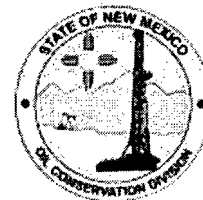
State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

David Martin
Cabinet Secretary

Tony Delfin
Deputy Cabinet Secretary

David Catanach, Director
Oil Conservation Division



Response Required - Deadline Enclosed

06-Sep-16

JAM OIL LLC
PO Box 1382
Artesia NM 88211-8211

LETTER OF VIOLATION - Inactive Well(s)

Dear Operator:

A review of our records and recent inspection(s) indicate that the subject well(s) has been shut-in for an extended period of time. Rule 19.15.16.8 of the Rules and Regulation of the Oil Conservation Division provides that a well may be shut-in no longer than sixty days after suspension of drilling operations, upon determining that the well is no longer usable (e.g., a dry hole), or one year after last production. To comply with guidelines as established in the Rules and Regulations, corrective actions must be taken immediately and the well(s) brought into compliance.

The detail section below indicates preliminary findings and/or probable nature of the violation.

The following options are available:

1. Immediately restore the well(s) to production, injection or disposal as applicable.
2. Request 'Temporary Abandoned' status pursuant to Rule 19.15.25.12, which requires that you set a plug and conduct a mechanical integrity test.
3. Submit a proposal to 'Plug and Abandon' the well(s) pursuant to Rule 19.15.25.8, proceed with plugging procedures on a timely basis after the proposal has been evaluated, amended and/or approved.

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. Such a hearing may result in imposition of CIVIL PENALTIES for your violation of OCD rules.

IDLE WELL INSPECTION DETAIL SECTION

CANNON 002	I-17-10S-25E	30-005-00042-00-00	Inspection No. iGC1625045636	
Inspection Date:	9/6/2016 12:40:34 PM		Corrective Action Due by: 12/10/2016	
Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	
Routine/Periodic	Gilbert Cordero	Yes	No	
Comments on Inspection:	Idle Well (Rule 19.15.25.8) LAST REPORTED PRODUCTION 4-1-11			
CANNON 001	P-17-10S-25E	30-005-00044-00-00	Inspection No. iGC1625045806	
Inspection Date:	9/6/2016 12:43:24 PM		Corrective Action Due by: 12/10/2016	
Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	
Routine/Periodic	Gilbert Cordero	Yes	No	
Comments on Inspection:	Idle Well (Rule 19.15.25.8) LAST REPORTED PRODUCTION 4-1-11			
MARY ANN CANNON 004	M-27-10S-25E	30-005-00062-00-00	Inspection No. iGC1625030977	

Inspection Date:	9/6/2016 8:36:15 AM	Corrective Action Due by:	12/10/2016
Type Inspection	Inspector	Violation?	*Significant Non-Compliance?
Routine/Periodic	Gilbert Cordero	Yes	No
Comments on Inspection:	Idle Well (Rule 19.15.25.8) LAST REPORTED PRODUCTION 4-1-11		
COMANCHE PQ FEDERAL 004	A-27-10S-25E	30-005-00066-00-00	Inspection No. iGC1625035463
Inspection Date:	9/6/2016 9:51:02 AM	Corrective Action Due by:	12/10/2016
Type Inspection	Inspector	Violation?	*Significant Non-Compliance?
Routine/Periodic	Gilbert Cordero	Yes	No
Comments on Inspection:	Idle Well (Rule 19.15.25.8) LAST REPORTED PRODUCTION 4-1-11, TB RUSTED OUT LINES - LEAKING		
DEKALB FEDERAL 001	F-27-10S-25E	30-005-00067-00-00	Inspection No. iGC1625037828
Inspection Date:	9/6/2016 10:30:27 AM	Corrective Action Due by:	12/10/2016
Type Inspection	Inspector	Violation?	*Significant Non-Compliance?
Routine/Periodic	Gilbert Cordero	Yes	No
Comments on Inspection:	Idle Well (Rule 19.15.25.8) LAST REPORTED PRODUCTION 4-1-11.		
MARY ANN CANNON 002	J-27-10S-25E	30-005-00072-00-00	Inspection No. iGC1625034757
Inspection Date:	9/6/2016 9:39:16 AM	Corrective Action Due by:	12/10/2016
Type Inspection	Inspector	Violation?	*Significant Non-Compliance?
Routine/Periodic	Gilbert Cordero	Yes	No
Comments on Inspection:	Idle Well (Rule 19.15.25.8) LAST REPORTED PRODUCTION 4-1-11		
MARY ANN CANNON 003	L-27-10S-25E	30-005-00073-00-00	Inspection No. iGC1625031454
Inspection Date:	9/6/2016 8:44:12 AM	Corrective Action Due by:	12/10/2016
Type Inspection	Inspector	Violation?	*Significant Non-Compliance?
Routine/Periodic	Gilbert Cordero	Yes	No
Comments on Inspection:	Idle Well (Rule 19.15.25.8) LAST REPORTED PRODUCTION 4-1-11		
LEONARD FEDERAL 001	G-27-10S-25E	30-005-00074-00-00	Inspection No. iGC1625038546
Inspection Date:	9/6/2016 10:42:24 AM	Corrective Action Due by:	12/10/2016
Type Inspection	Inspector	Violation?	*Significant Non-Compliance?
Routine/Periodic	Gilbert Cordero	Yes	No
Comments on Inspection:	Idle Well (Rule 19.15.25.8) LAST REPORTED PRODUCTION 4-1-11		
LEONARD FEDERAL 004	H-27-10S-25E	30-005-00076-00-00	Inspection No. iGC1625035114
Inspection Date:	9/6/2016 9:45:12 AM	Corrective Action Due by:	12/10/2016
Type Inspection	Inspector	Violation?	*Significant Non-Compliance?
Routine/Periodic	Gilbert Cordero	Yes	No
Comments on Inspection:	Idle Well (Rule 19.15.25.8) LAST REPORTED PRODUCTION 4-1-11		
MARY ANN CANNON 005	O-27-10S-25E	30-005-10109-00-00	Inspection No. iGC1625033979
Inspection Date:	9/6/2016 9:26:17 AM	Corrective Action Due by:	12/10/2016
Type Inspection	Inspector	Violation?	*Significant Non-Compliance?
Routine/Periodic	Gilbert Cordero	Yes	No
Comments on Inspection:	Idle Well (Rule 19.15.25.8) LAST REPORTED PRODUCTION 4-1-11. NO WELL SIGN		
MARY ANN CANNON 007	O-27-10S-25E	30-005-10111-00-00	Inspection No. iGC1625033690
Inspection Date:	9/6/2016 9:21:28 AM	Corrective Action Due by:	12/10/2016
Type Inspection	Inspector	Violation?	*Significant Non-Compliance?
Routine/Periodic	Gilbert Cordero	Yes	No
Comments on Inspection:	Idle Well (Rule 19.15.25.8) LAST REPORTED PRODUCTION 4-1-11		
CANNON FEE 001	H-17-10S-25E	30-005-60680-00-00	Inspection No. iGC1625045311

Inspection Date: 9/6/2016 12:35:09 PM

Corrective Action Due by: 12/10/2016

Type Inspection

Inspector

Violation?

*Significant Non-Compliance?

Routine/Periodic

Gilbert Cordero

Yes

No

Comments on Inspection:

Idle Well (Rule 19.15.25.8) LAST REPORTED PRODUCTION 4-1-11

CANNON FEE 002Y

A-17-10S-25E

30-005-61234-00-00

Inspection No. iGC1625044972

Inspection Date: 9/6/2016 12:29:31 PM

Corrective Action Due by: 12/10/2016

Type Inspection

Inspector

Violation?

*Significant Non-Compliance?

Routine/Periodic

Gilbert Cordero

Yes

No

Comments on Inspection:

Idle Well (Rule 19.15.25.8) LAST REPORTED PRODUCTION 4-1-11. WRONG OPERATOR ON SIGN

CANNON FEE 003

H-17-10S-25E

30-005-61499-00-00

Inspection No. iGC1625045133

Inspection Date: 9/6/2016 12:32:11 PM

Corrective Action Due by: 12/10/2016

Type Inspection

Inspector

Violation?

*Significant Non-Compliance?

Routine/Periodic

Gilbert Cordero

Yes

No

Comments on Inspection:

Idle Well (Rule 19.15.25.8) LAST REPORTED PRODUCTION 4-1-11. NO WELL SIGN

CANNON ET AL 001Y

N-27-10S-25E

30-005-61892-00-00

Inspection No. iGC1625030565

Inspection Date: 9/6/2016 8:29:23 AM

Corrective Action Due by: 12/10/2016

Type Inspection

Inspector

Violation?

*Significant Non-Compliance?

Routine/Periodic

Gilbert Cordero

Yes

No

Comments on Inspection:

Idle Well (Rule 19.15.25.8) WELL SIGN NOT LEGIBLE. LAST REPORTED PRODUCTION 4-1-11

CANNON ET AL 002

L-27-10S-25E

30-005-62292-00-00

Inspection No. iGC1625031572

Inspection Date: 9/6/2016 8:46:10 AM

Corrective Action Due by: 12/10/2016

Type Inspection

Inspector

Violation?

*Significant Non-Compliance?

Routine/Periodic

Gilbert Cordero

Yes

No

Comments on Inspection:

Idle Well (Rule 19.15.25.8) LAST REPORTED PRODUCTION 4-1-11. LOCATION SIGN NOT LEGIBLE

Thank you for your prompt attention to this matter and your efforts in helping to protect our environment and the infrastructure of the oil and gas industry.

Sincerely,

Gilbert Cordero

COMPLIANCE OFFICER

Artesia OCD District Office

* Significant Non-Compliance events are reported directly to the U.S. Environmental Protection Agency, Region VI, Dallas, Texas.