State of New Mexico Energy, Minerals and Natural Resources Department

Susana Martinez

Governor

David Martin

Cabinet Secretary

David Catanach, Director

Tony Delfin

Deputy Cabinet Secretary

Oil Conservation Division



Response Required - Deadline Enclosed

02-Dec-16

SCYTHIAN LTD

300 N. MARIENFELD SUITE 950 MIDLAND TX 79701-

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 19.15.25.8 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 ther 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 19.15.25.13, 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 19.15.25.9, 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

FOUR MILE DRAW FEDERAL

K-15-6S-22E

30-005-62348-00-00

Inspection No. iGC1633742641

007

Inspection Date:

12/2/2016 11:50:39 AM

Corrective Action Due by: 3/7/2017

Type Inspection

Inspector

Violation?

*Significant Non-Compliance?

Routine/Periodic **Comments on Inspection:** Gilbert Cordero

Yes

No

FOUR MILE DRAW FEDERAL

F-15-6S-22E

30-005-62349-00-00

Violation of rule 19.15.25.8. LAST REPORTED PRODUCTION 10-1-13

Inspection No. iGC1633742455

008

Corrective Action Due by: 3/7/2017 **Inspection Date:** 12/2/2016 11:47:34 AM Type Inspection Violation? *Significant Non-Compliance? Inspector Routine/Periodic Gilbert Cordero Yes No Comments on Inspection: Violation of rule 19.15.25.8. LAST REPORTED PRODUCTION 6-1-12. NO WELL SIGN. LOCATION NEEDS ATTENTION TERRY FEDERAL 002 F-13-6S-22E 30-005-62361-00-00 Inspection No. iGC1633732877 **Inspection Date:** 12/2/2016 9:07:56 AM Corrective Action Due by: 3/7/2017 *Significant Non-Compliance? Type Inspection Inspector Violation? Routine/Periodic Gilbert Cordero Yes No **Comments on Inspection:** Violation of rule 19.15.25.8. LAST REPORTED PRODUCTION 5-1-12. **LOOKOUT FEDERAL 008** A-9-6S-22E 30-005-62411-00-00 Inspection No. iGC1633741348 **Inspection Date:** 12/2/2016 11:29:07 AM Corrective Action Due by: 3/7/2017 Type Inspection Inspector Violation? *Significant Non-Compliance? Routine/Periodic Gilbert Cordero Yes No Violation of rule 19.15.25.8. LAST REPORTED PRODUCTION 5-1-12 **Comments on Inspection:** FOUR MILE DRAW FEDERAL B-17-6S-22E 30-005-62433-00-00 Inspection No. iGC1633745472 009 Corrective Action Due by: 3/7/2017 **Inspection Date:** 12/2/2016 12:37:50 PM Violation? *Significant Non-Compliance? Type Inspection Inspector Gilbert Cordero Yes No Routine/Periodic **Comments on Inspection:** Violation of rule 19.15.25.8. LAST REPORTED PRODUCTION 5-1-12 Inspection No. iGC1633738055 PIERCE FEDERAL 010 N-5-6S-22E 30-005-62439-00-00 Inspection Date: Corrective Action Due by: 3/7/2017 12/2/2016 10:34:14 AM *Significant Non-Compliance? Type Inspection Inspector Violation? Gilbert Cordero Yes No Routine/Periodic **Comments on Inspection:** Violation of rule 19.15.25.8. LAST REPORTED PRODUCTION 2-1-12 J-20-6S-22E 30-005-62534-00-00 Inspection No. iGC1633744265 **HOMESTEAD 001** Corrective Action Due by: 3/7/2017 **Inspection Date:** 12/2/2016 12:17:43 PM Inspector Violation? *Significant Non-Compliance? Type Inspection Yes No Gilbert Cordero Routine/Periodic Violation of rule 19.15.25.8. LAST REPORTED PRODUCTION 5-1-12 **Comments on Inspection:** Inspection No. iGC1633744899 J-17-6S-22E 30-005-62601-00-00 **LUCKY COM 001** Corrective Action Due by: 3/7/2017 **Inspection Date:** 12/2/2016 12:28:18 PM Type Inspection Inspector Violation? *Significant Non-Compliance? No Routine/Periodic Gilbert Cordero Yes Violation of rule 19.15.25.8. LAST REPORTED PRODUCTION 5-1-12 **Comments on Inspection:** Inspection No. iGC1633741138 LOOKOUT C FEDERAL 008 H-9-6S-22E 30-005-64041-00-00 Corrective Action Due by: 3/7/2017 **Inspection Date:** 12/2/2016 11:25:37 AM Violation? *Significant Non-Compliance? Type Inspection Inspector No Gilbert Cordero Yes Routine/Periodic

Violation of rule 19.15.25.8. LAST REPORTED PRODUCTION 5-1-12

Comments on Inspection:

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.