State of New Mexico Energy, Minerals and Natural Resources Department

Susana Martinez

Governor

Tony Delfin

Acting Cabinet Secretary

David R. Catanach, Division Director

Oil Conservation Division



Response Required - Deadline Enclosed

Field Inspection Program

"Preserving the Integrity of Our Environment"

26-Jan-17

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.

INSPECTION DETAIL SECTION P-19-16S-31E

NORTH SQUARE LAKE UNIT No.012

30-015-04856-00-00

Inspection Date

Type Inspection

Inspector

*Significant Violation? Non-Compliance?

Corrective Action Due By:

Inspection No.

01/26/2017

Routine/Periodic

Tony Morales

5/1/2017

iTM1702647655

Violations

Absent Well Identification Signs (Rule 103)

Comments on Inspection:

OK. All Equipment and Location in Good Shape. LOCTION SIGN NOT VISIBLE. FLOWLINE

NOT CONNECTED

NORTH SQUARE LAKE UNIT No.007

J-20-16S-31E

30-015-04863-00-00

Inspection Date

Type Inspection

Inspector

Violation?

Yes

*Significant Non-Compliance?

Corrective Action Due By:

Inspection No.

01/26/2017 Routine/Periodic **Tony Morales**

Yes

No

5/1/2017

iTM1702649124

Violations

Surface Leaks/Spills

Comments on Inspection:

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

STAINING APPROX. 10' X 30' FRESH OIL

NORTH SQUARE LAKE UNIT No.097 D-31-16S-31E 30-015-04942-00-00 *Significant Inspection Corrective Type Inspection Inspector Violation? Inspection No. Date Non-Compliance? Action Due By: 01/26/2017 5/1/2017 iTM1702640541 Routine/Periodic Tony Morales Yes No Violations Absent Well Identification Signs (Rule 103) OK. All Equipment and Location in Good Shape. PJ POWER OFF LOCATION SIGN NOT **Comments on Inspection:** VISIBLE. NORTH SOUARE LAKE UNIT No.142 E-31-16S-31E 30-015-20184-00-00 *Significant Inspection Corrective **Type Inspection** Inspector Violation? Inspection No. Date Non-Compliance? Action Due By: 01/26/2017 Routine/Periodic No 5/1/2017 iTM1702640168 Tony Morales Yes Violations Absent Well Identification Signs (Rule 103) Comments on Inspection: OK, All Equipment and Location in Good Shape. LOCATION SIGN NOT VISIBLE. NORTH SOUARE LAKE UNIT No.162 O-31-16S-31E 30-015-24457-00-00 *Significant Inspection Corrective **Type Inspection** Violation? Inspection No. Date Inspector Non-Compliance? Action Due By: 01/26/2017 Routine/Periodic Tony Morales Yes No 5/1/2017 iTM1702638436 **Violations** Absent Well Identification Signs (Rule 103) **Comments on Inspection:** OK. All Equipment and Location in Good Shape. PJ. POWER OFF NO ELECTRICAL MOTOR LOCATION SIGN NOT VISIBLE NORTH SQUARE LAKE UNIT No.159 L-31-16S-31E 30-015-24706-00-00 *Significant Inspection Corrective Type Inspection Inspector Violation? Action Due By: Inspection No. Date Non-Compliance? iTM1702638052 01/26/2017 Routine/Periodic Tony Morales Yes No 5/1/2017 Violations General Housekeeping (Rule 114) OK. All Equipment and Location in Good Shape. PJ STAINING AROUND WELL HEAD. **Comments on Inspection:** CONTAMINATED MATERIAL NEXT TO WELL HEAD NORTH SQUARE LAKE UNIT No.198 O-19-16S-31E 30-015-33047-00-00 Inspection *Significant Corrective Type Inspection Inspector Violation? Inspection No. Non-Compliance? Action Due By: Date 01/26/2017 Routine/Periodic Tony Morales Yes No 5/1/2017 iTM1702647425 Violations General Housekeeping (Rule 114) **Comments on Inspection:** OK. All Equipment and Location in Good Shape. PJO. STAINING AROUND WELL HEAD. OLD CELLAR BOX ON LOCATION **NORTH SQUARE LAKE UNIT No.199** A-30-16S-31E 30-015-33068-00-00 *Significant Corrective Inspection **Type Inspection** Violation? Inspection No. Inspector Non-Compliance? Date Action Due By: 01/26/2017 Routine/Periodic Tony Morales Yes No 5/1/2017 iTM1702648115 **Violations**

OK. All Equipment and Location in Good Shape. PJ. OLD TUBING ON LOCATION.

Absent Well Identification Signs (Rule 103) General Housekeeping (Rule 114)

LOCATION SIGN NOT VISIBLE

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.