State of New Mexico Energy, Minerals and Natural Resources Department

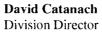
Susana Martinez

Governor

Ken McQueen **Cabinet Secretary**

Matthias Sayer

Deputy Cabinet Secretary





Response Required - Deadline Enclosed

Field Inspection Program "Preserving the Integrity of Our Environment"

05-Oct-17

STEPHENS & JOHNSON OP CO POBOX 2249 WICHITA FALLS TX 76308

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.

STATE BN Inspection Date	No.003 Type Inspection	n	Inspector	Violation?	I-11-19S-28E *Significant Non-Compliance?	30-015-02212-00-0 Corrective Action Due By:	Inspection No.
10/05/2017	Routine/Perio	odic	Tony Morales	Yes	No	1/8/2018	iTM1727831031
Comments	on Inspection:	OK. All Equip	ment and Location in OP TANK ON LOCA			AROUND WELL HE	AD.
STATE BN Inspection Date	No.004 Type Inspection	n	Inspector	Violation?	J-11-19S-28E *Significant Non-Compliance?	30-015-02213-00-0 Corrective Action Due By:	Inspection No.
10/05/2017	Routine/Peri Violations General Housek	odic ceping (Rule 114)	Tony Morales	Yes	No	1/8/2018	iTM1727831818
Comments on Inspection:		OK. All Equipment and Location in GoodShape. PJO. STAINING AROUND WELL HEAD 19.15.10.8 TANK BATTERIES NO PLACARDS / WINDSOCK NEEDS REPLACING OLD HEATOR TREATOR TANK ON LOCATION					

EAST MILLMAN UNIT No.301
Inspection

M-11-19S-28E
*Significant
Corrective

DateType InspectionInspectorViolation?Non-Compliance?Action Due By:Inspection No.10/05/2017Routine/PeriodicTony MoralesYesNo1/8/2018iTM1727837458

Violations

General Housekeeping (Rule 114)

Comments on Inspection: OK. All Equipment and Location in Good Shape. PJ. STAINING AROUND WELL HEAD

OLD SUCKER RODS / TUBING ON LOCATION 16.15.10.5

MILLMAN 11 STATE No.002 I-11-19S-28E 30-015-28712-00-00

*Significant Corrective Inspection Violation? Inspection No. **Type Inspection** Inspector Date Non-Compliance? Action Due By: No 1/8/2018 iTM1727831275 10/05/2017 Routine/Periodic Tony Morales Yes

Violations

General Housekeeping (Rule 114)

Comments on Inspection: OK. All Equipment and Location in Goo Shape. PJ. STAINING AROUND WELL HEAD.

OLD TUBING / SUCKER RODS / OLD TANK / CONTAMINATED MATERIAL ON

LOCATION 19.15.10.8

EAST MILLMAN UNIT No.237 B-14-19S-28E 30-015-39033-00-00

Tony Morales

Inspection DateType InspectionInspectorViolation?*Significant Non-Compliance?Corrective Non-Compliance?Action Due By:Inspection No.

Yes

No

1/8/2018

iTM1727841867

Violations

10/05/2017

Routine/Periodic

General Housekeeping (Rule 114)

Comments on Inspection: OK. All Equipment and Location in Good Shape. PJ. STAINING AROUND WELL HEAD

19.15.10.8

EAST MILLMAN UNIT No.241 B-14-19S-28E 30-015-39960-00-00

Inspection Date Type Inspection Inspector Violation? Yes No 1/8/2018 iTM1727840536

10/05/2017 Routine/Periodic Violations

General Housekeeping (Rule 114)

Comments on Inspection: OK. All Equipment and Location in Good Shape. PJ. OLD TUBING ON LOCATION

19.15.10.8

EAST MILLMAN UNIT No.244 F-14-19S-28E 30-015-40405-00-00

Inspection *Significant Corrective

Date Type Inspection Inspector Violation? Non-Compliance? Action Due By: Inspection No.

10/05/2017 Routine/Periodic Tony Morales Yes No 1/8/2018 iTM1727844584

Violations

General Housekeeping (Rule 114)

Comments on Inspection: OK. All Equipment and Location in Good Shape. PJ. STAINING AROUND WELL HEAD.

OLD TUBING ON LOCATION 19.15.10.8

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, Worola (C

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.