State of New Mexico Energy, Minerals and Natural Resources Department

Susana Martinez

Governor

Ken McQueen
Cabinet Secretary

Matthias Sayer

Deputy Cabinet Secretary

David Catanach

Division Director



Response Required - Deadline Enclosed

Field Inspection Program
"Preserving the Integrity of Our Environment"

30-Oct-17

COLGATE OPERATING, LLC

306 W. Wall Street Suite 500 Midland TX 79701-9701

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

J-35-19S-29E 30-015-25960-00-00 PARKWAY DELAWARE UNIT No.501 *Significant Inspection Corrective Violation? Inspection No. Type Inspection Inspector Non-Compliance? Action Due By: Date 10/30/2017 Tony Morales Yes No 2/2/2018 iTM1730334462 Routine/Periodic **Violations** General Housekeeping (Rule 114) Comments on Inspection: OK. All Equipment and Location in Good Shape. PJO. STAINING AROUND WELL HEAD AND LOCATION / LEASE ROAD CONTAMINATED MATERIAL NEAR TANK BATTERIES TANK BATTERIES NO WINDSOCK 19.15.10.8 PARKWAY DELAWARE UNIT No.503 O-35-19S-29E 30-015-26007-00-00 Inspection *Significant Corrective Violation? Inspection No. Type Inspection Inspector Non-Compliance? Date Action Due By: 10/30/2017 Routine/Periodic Tony Morales Yes No 2/2/2018 iTM1730345190 Violations General Housekeeping (Rule 114) Comments on Inspection: OK. All Equipment and Location in Good Shape. PJO. STAINING AROUND WELL HEAD. 19.15.10.8

PARKWAY DELAWARE UNIT No.201 C-35-19S-29E 30-015-26063-00-00 Inspection *Significant Corrective Violation? Type Inspection Inspector Inspection No. Date Non-Compliance? Action Due By: 10/30/2017 Routine/Periodic Tony Morales Yes No 2/2/2018 iTM1730338293 Violations General Housekeeping (Rule 114) **Comments on Inspection:** PJ. STAINING AROUND WELL HEAD OK. All Equipment and Location in Good Shape. **OLD SUCKER RODS ON LOCATION 19.15.10.8** PARKWAY DELAWARE UNIT No.305 G-35-19S-29E 30-015-33071-00-00 Inspection *Significant Corrective Type Inspection Inspector Violation? Inspection No. Non-Compliance? Date Action Due By: 10/30/2017 Routine/Periodic Yes No 2/2/2018 iTM1730333438 Tony Morales Violations General Housekeeping (Rule 114) Comments on Inspection: OK. All Equipment and Location in Good Shape. PJO. STAINING AROUND WELL HEAD 119.15.10.8 J-35-19S-29E PARKWAY DELAWARE UNIT No.511 30-015-33073-00-00 Inspection *Significant Corrective Inspector Violation? Inspection No. Type Inspection Date Non-Compliance? Action Due By: iTM1730336197 10/30/2017 Routine/Periodic Tony Morales Yes No 2/2/2018 Violations General Housekeeping (Rule 114) Comments on Inspection: OK. All Equipment and Location in Good Shape. PJO. STAINING AROUND WELL HEAD+ STAINED AREA 10' X 60' 19.15.10.8 PARKWAY DELAWARE UNIT No.307Y G-35-19S-29E 30-015-33997-00-00 Inspection *Significant Corrective Violation? Inspection No. Type Inspection Inspector Date Non-Compliance? Action Due By: No 2/2/2018 iTM1730333921 10/30/2017 Routine/Periodic **Tony Morales** Yes Violations General Housekeeping (Rule 114) **Comments on Inspection:** OK. All Equipment and Location in Goo Shape. PJO. STAINING AROUND WELL HEAD 19.15.10.8 PARKWAY DELAWARE UNIT No.515 K-35-19S-29E 30-015-34407-00-00 *Significant Inspection Corrective Violation? Inspection No. **Type Inspection** Inspector Date Non-Compliance? Action Due By: Yes No 2/2/2018 iTM1730340389 10/30/2017 Routine/Periodic **Tony Morales** Violations General Housekeeping (Rule 114) Comments on Inspection: OK. All Equipment and Location in Good Shape. PJO. STAINING AROUND WELL HEAD 19.15.10.8 M-35-19S-29E 30-015-39839-00-00 PARKWAY 35 FEDERAL COM No.004H *Significant Corrective Inspection Violation? Inspection No. **Type Inspection** Inspector Date Non-Compliance? Action Due By: iTM1730341317 10/30/2017 Routine/Periodic Tony Morales Yes No 2/2/2018 **Violations** General Housekeeping (Rule 114) PJO. STAINING AROUND WELL **Comments on Inspection:** OK. All Equipment and Location in Good Shape. HEAD+ STAINED AREA APPROX 10' X 65' 19.15.10.8 L-35-19S-29E PARKWAY 35 FEDERAL COM No.003H 30-015-40734-00-00 *Significant Corrective Inspection Violation? Inspection No. **Type Inspection** Inspector Date Non-Compliance? Action Due By:

Yes

No

Tony Morales

OK. All Equipment and Leation in Good Shape. / LOCATION FLARE OK 19.15.10.8

10/30/2017

Routine/Periodic

General Housekeeping (Rule 114)

Violations

Comments on Inspection:

iTM1730341031

2/2/2018

PJO. STAINING AROUND WELL HEAD+

PARKWAY 35 FEDERAL COM No.005H

P-34-19S-29E

30-015-41377-00-00

Inspection

Date Type Inspection

Inspector

Violation?

*Significant Non-Compliance? Corrective Action Due By:

10/30/2017 Routine/Periodic

Tony Morales

Yes

No 2/2/2018

Inspection No. iTM1730342397

Violations

General Housekeeping (Rule 114)

Comments on Inspection:

OK. All Equipment and Location in Good Shape.

PJO. STAINING AROUND WELL

HEAD TANK BATTERIES OK 19.15.10.8

A-34-19S-29E

30-015-41508-00-00

Inspection

10/30/2017

Inspection

Date

10/30/2017

Date

Type Inspection
Routine/Periodic

Inspector
Tony Morales

Violation? Yes *Significant Non-Compliance? No Corrective Action Due By: 2/2/2018

Inspection No. iTM1730339579

Violations

OSAGE 34 FEDERAL No.001H

General Housekeeping (Rule 114)

Comments on Inspection:

OK. All Equipment and Location in Good Shape.

PJO. COMPRESSOR CONNECTED TO

WELLHEAD STAINING AROUND WELL HEAD+ AND LOCATION. TANK BATTERIES

OK FLARE OK 19.15.10.8

OSAGE 34 FEDERAL No.006H

Type Inspection

Routine/Periodic

Inspector

Violation? Yes *Significant Non-Compliance? No

I-34-19S-29E

30-015-41597-00-00 Corrective Action Due By: 2/2/2018 i

Inspection No. iTM1730343345

Violations

General Housekeeping (Rule 114)

Comments on Inspection:

OK. All Equipment and Location in Good Shape.

Tony Morales

PJO. STAINING AROUND WELL HEAD.

19.15.10.8

PARKWAY 35 FEDERAL COM No.006H

EDEKAL COM NO.000H

I-34-19S-29E *Significant 30-015-41646-00-00 Corrective

Inspection Date 10/30/2017

Type Inspection
Routine/Periodic

Inspector
Tony Morales

Violation? Yes Non-Compliance?

Action Due By: 2/2/2018

Inspection No. iTM1730343646

Violations

General Housekeeping (Rule 114)

Comments on Inspection:

OK. All Equipment and Location in Good Shape. STAINING AROUND WELLHEAD. 19.15.10.8 CONVEYOR BELT UNIT OPERATING

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.