State of New Mexico Energy, Minerals and Natural Resources Department

Susana Martinez

Governor

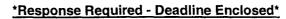
Ken McQueen Cabinet Secretary

Matthias Sayer

Deputy Cabinet Secretary

David CatanachDivision Director

Division Director



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

| | | | INSPECTIO | N DETAIL | SECTION | | |
|------------------------------|-----------------|-------------------|--|--------------|------------------------------|------------------------------------|----------------|
| PARKWAY Inspection | ' DELAWARI | E UNIT No.501 | | | J-35-19S-29E *Significant | 30-015-25960-00- Corrective | |
| Date | Type Inspection | 1 | Inspector | Violation? | Non-Compliance? | Action Due By: | Inspection No. |
| 10/30/2017 | Routine/Perio | odic | Tony Morales | Yes | No | 2/2/2018 | iTM1730334462 |
| | General Houseke | eeping (Rule 114) | | | | | |
| Comments | on Inspection: | AND LOCATIO | ent and Location in DN / LEASE ROAD RIES NO WINDSO | O CONTAMIN | NATED MATERIAL | G AROUND WELL I NEAR TANK BATTI | |
| PARKWAY DELAWARE UNIT No.503 | | | | O-35-19S-29E | 30-015-26007-00- | 00 | |

| AN | | AND LOCATIO | ND LOCATION / LEASE ROAD CONTAMINATED MATERIAL NEAR TANK BATTERIES ANK BATTERIES NO WINDSOCK 19.15.10.8 | | | | | | |
|-------------------------|--|---------------|---|------------|---|--|-------------------|--|--|
| PARKWAY Inspection Date | DELAWAR Type Inspection | E UNIT No.503 | Inspector | Violation? | O-35-19S-29E *Significant Non-Compliance? | 30-015-26007-00- Corrective Action Due By: | 00 Inspection No. | | |
| 10/30/2017 | Routine/Peri Violations General Housel | odic | Tony Morales | Yes | No | 2/2/2018 | iTM1730345190 | | |
| Comments on Inspection: | | | OK. All Equipment and Location in Good Shape HEAD. 19.15.10.8 | | | e. PJO. STAINING AROUND WELL | | | |

PARKWAY DELAWARE UNIT No.201 C-35-19S-29E 30-015-26063-00-00 Inspection *Significant Corrective Type Inspection Inspector Violation? 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? Non-Compliance? Inspection No. Date Action Due By: 10/30/2017 Routine/Periodic Tony Morales Yes No 2/2/2018 iTM1730333438 **Violations** General Housekeeping (Rule 114) **Comments on Inspection:** PJO. STAINING AROUND WELL HEAD OK. All Equipment and Location in Good Shape. 119.15.10.8 J-35-19S-29E PARKWAY DELAWARE UNIT No.511 30-015-33073-00-00 Inspection *Significant Corrective **Type Inspection** Inspector Violation? Inspection No. Date Non-Compliance? Action Due By: 10/30/2017 Routine/Periodic Tony Morales Yes No 2/2/2018 iTM1730336197 Violations General Housekeeping (Rule 114) Comments on Inspection: PJO. STAINING AROUND WELL OK. All Equipment and Location in Good Shape. 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 **Type Inspection** Violation? Inspection No. Inspector Date Non-Compliance? Action Due By: 10/30/2017 Yes No 2/2/2018 iTM1730333921 Routine/Periodic Tony Morales **Violations** General Housekeeping (Rule 114) PJO. STAINING AROUND WELL HEAD Comments on Inspection: OK. All Equipment and Location in Goo Shape. 19.15.10.8 PARKWAY DELAWARE UNIT No.515 K-35-19S-29E 30-015-34407-00-00 *Significant Corrective Inspection Inspector Violation? Inspection No. Type Inspection Non-Compliance? Action Due By: Date 2/2/2018 10/30/2017 Routine/Periodic Tony Morales Yes No iTM1730340389 Violations General Housekeeping (Rule 114) PJO. STAINING AROUND WELL HEAD **Comments on Inspection:** OK. All Equipment and Location in Good Shape. 19.15.10.8 PARKWAY 35 FEDERAL COM No.004H M-35-19S-29E 30-015-39839-00-00 *Significant Inspection Corrective Violation? Inspection No. **Type Inspection** Inspector Non-Compliance? Date Action Due By: 10/30/2017 Tony Morales Yes No 2/2/2018 iTM1730341317 Routine/Periodic 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 30-015-40734-00-00 PARKWAY 35 FEDERAL COM No.003H Inspection *Significant Corrective **Type Inspection** Inspector Violation? Inspection No. Date Non-Compliance? Action Due By: No 2/2/2018 iTM1730341031 Routine/Periodic Tony Morales Yes 10/30/2017 Violations General Housekeeping (Rule 114) OK. All Equipment and Lcation in Good Shape. **Comments on Inspection:** PJO. STAINING AROUND WELL HEAD+ /LOCATION FLARE OK 19.15.10.8

PARKWAY 35 FEDERAL COM No.005H

Routine/Periodic

P-34-19S-29E

30-015-41377-00-00

Inspection

10/30/2017

Type Inspection Date

Inspector

Violation?

*Significant Non-Compliance?

Corrective Action Due By:

Inspection No.

Tony Morales

Yes

No 2/2/2018

iTM1730342397

Violations

General Housekeeping (Rule 114)

Comments on Inspection:

OK. All Equipment and Location in Good Shape.

HEAD TANK BATTERIES OK 19.15.10.8

PJO. STAINING AROUND WELL

OSAGE 34 FEDERAL No.001H

A-34-19S-29E

*Significant

30-015-41508-00-00 Corrective

Inspection

10/30/2017

Date

Type Inspection Routine/Periodic Inspector Tony Morales Violation? Yes

Non-Compliance? No

Action Due By: 2/2/2018

Inspection No. iTM1730339579

Violations

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

I-34-19S-29E

OK FLARE OK 19.15.10.8

OSAGE 34 FEDERAL No.006H

Type Inspection

Inspector

Violation?

*Significant Non-Compliance? 30-015-41597-00-00 Corrective Action Due By:

Inspection No.

10/30/2017 Routine/Periodic Tony Morales

Yes

No 2/2/2018 iTM1730343345

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 35 FEDERAL COM No.006H

Routine/Periodic

I-34-19S-29E

30-015-41646-00-00

2/2/2018

Inspection 10/30/2017

Inspection

Date

Type Inspection Date

Inspector Tony Morales Violation? Yes

*Significant Non-Compliance? No

Corrective Action Due By:

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.