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



Response Required - Deadline Enclosed

Field Inspection Program
"Preserving the Integrity of Our Environment"

09-Nov-17

DEVON ENERGY PRODUCTION COMPANY, LP

PO Box 250

Artesia NM 88210

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.

JONES FEDERAL B No.003 P-23-19S-31E 30-015-10394-00-00 Inspection *Significant Corrective Violation? Inspection No. Type Inspection Inspector Date Non-Compliance? Action Due By: Yes No iTM1731343605 11/09/2017 Routine/Periodic Tony Morales 2/12/2018 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 REGULUS 26 FEDERAL No.004H P-26-19S-31E 30-015-40041-00-00 Inspection *Significant Corrective Type Inspection Inspector Violation? Inspection No. Date Non-Compliance? Action Due By: Routine/Periodic No 2/12/2018 iTM1731341494 11/09/2017 Tony Morales Yes Violations General Housekeeping (Rule 114) **Comments on Inspection:** OK. All Equipment and Location in Good Shape. PJO. STAINING AROUND WELL HEAD TANK BATTERIES OK COMBUSTER / FLARE OK 19.15.10.8

INSPECTION DETAIL SECTION

REGULUS 26 FEDERAL No.001H A-26-19S-31E 30-015-40098-00-00 Inspection *Significant Corrective Type Inspection Inspector Violation? Non-Compliance? Inspection No. Date Action Due By: 11/09/2017 Routine/Periodic iTM1731343234 Tony Morales Yes No 2/12/2018 **Violations** General Housekeeping (Rule 114) Comments on Inspection: OK. All Equipment and Location in Good Shape. PJO. STAINING AROUND WELL HEAD OLD TUBING ON LOCATION TANK BATTERIES OK FLARE OK 19.15.10.8 SPICA 25 FEDERAL No.001H A-26-19S-31E 30-015-40099-00-00 Inspection *Significant Corrective Date Type Inspection Inspector Violation? Non-Compliance? Action Due By: Inspection No. 11/09/2017 Routine/Periodic Tony Morales Yes No 2/12/2018 iTM1731343097 Violations General Housekeeping (Rule 114) **Comments on Inspection:** PJO. STAINING AROUND WELL OK. All Equipment and Location in Good Shape. HEAD OLD TUBING ON LOCATION TANK BATTERIES OK FLARE OK 19.15.10.8 SPICA 25 FEDERAL No.004H M-25-19S-31E 30-015-40105-00-00 Inspection *Significant Corrective Type Inspection Inspector Violation? Non-Compliance? Inspection No. Date Action Due By: 11/09/2017 Routine/Periodic Tony Morales Yes iTM1731341351 No 2/12/2018 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 **REGULUS 26 FEDERAL No.002H** H-26-19S-31E 30-015-40219-00-00 Inspection *Significant Corrective Type Inspection Inspector Violation? Inspection No. Non-Compliance? Date Action Due By: 11/09/2017 Routine/Periodic Tony Morales Yes No 2/12/2018 iTM1731342723 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 REGULUS 26 FEDERAL No.003H I-26-19S-31E 30-015-40221-00-00 Inspection *Significant Corrective Type Inspection Violation? Inspection No. Inspector Non-Compliance? Action Due By: Date 11/09/2017 Routine/Periodic **Tony Morales** Yes No 2/12/2018 iTM1731342002 Violations General Housekeeping (Rule 114) OK. All Equipment and Location in Good Shape. PJO. STAINING AROUND WELL Comments on Inspection: HEAD+ STAINED AREA APPROX 15' X 25' 19.15.10.8 SPICA 25 FEDERAL No.002H E-25-19S-31E 30-015-40222-00-00 Inspection *Significant Corrective Type Inspection Inspector Violation? Inspection No. Non-Compliance? Action Due By: Date 11/09/2017 Routine/Periodic Tony Morales Yes No 2/12/2018 iTM1731342527 Violations General Housekeeping (Rule 114) Comments on Inspection: PJO. STAINING AROUND WELL OK. All Equipment and Location in Good Shape. HEAD 19.15.10.8 E-23-19S-31E 30-015-41914-00-00 **AQUILA 22 FEDERAL COM No.013H**

Inspection *Significant Corrective Type Inspection Inspector Violation? Inspection No. Date Non-Compliance? Action Due By: 11/09/2017 Routine/Periodic Tony Morales Yes No 2/12/2018 iTM1731345745 Violations General Housekeeping (Rule 114)

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

HEAD 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,

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.