State of New Mexico Energy, Minerals and Natural Resources Department

Susana Martinez

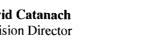
Governor

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"

12-Dec-17

OXY USA INC

PO Box 4294

Houston TX 77210-7210

12/12/2017 Routine/Periodic

Violations

General Housekeeping (Rule 114)

LETTER OF VIOLATION - Inspection

iTM1734640759

3/17/2018

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.

GOODNIGI Inspection Date	HT 27 FEDER Type Inspection		Violation?	N-27-23S-29E *Significant Non-Compliance?	30-015-22157-00-00 Corrective Action Due By:	Inspection No.
12/12/2017	Routine/Perio Violations Surface Damage/		iles Yes	No	3/17/2018 i	ГМ1734639312
Comments on Inspection: OK. All Equipment and FRESH OIL STAINED WINDSOCK					G AROUND WELLHEA NK BATTERIES NO	D
CYPRESS 3 Inspection Date	34 FEDERAL Type Inspection		Violation?	F-34-23S-29E *Significant Non-Compliance?	30-015-35413-00-00 Corrective Action Due By:	Inspection No.

Yes

No

INSPECTION DETAIL SECTION

PJ STAINING AROUND WELLHEAD Comments on Inspection: OK. All Equipment and Location in Good Shape. TANK BATTERY NO WINDSOCK 19.15.10.8

Tony Morales

CYPRESS 34 FEDERAL No.003H K-34-23S-29E 30-015-35692-00-00 Inspection *Significant Corrective **Type Inspection** Inspector Violation? Inspection No. Date Non-Compliance? Action Due By: 12/12/2017 iTM1734641077 Routine/Periodic Yes 3/17/2018 Tony Morales No Violations Absent Well Identification Signs (Rule 103) Comments on Inspection: OK. All Equipment and Location in Good Shape. PJ TANK BATTERY NO WINDSOCK LOCATION SIGN NOT VISIBLE 19.15.16.8 FRAC TANKS ON LOCATION CYPRESS 34 FEDERAL No.005 C-34-23S-29E 30-015-35693-00-00 Inspection *Significant Corrective **Type Inspection** Inspector Violation? Inspection No. Date Non-Compliance? Action Due By: 12/12/2017 iTM1734640528 Routine/Periodic Tony Morales No 3/17/2018 Yes Violations General Housekeeping (Rule 114) PJO STAINING AROUND WELLHEAD Comments on Inspection: OK. All Equipment and Location in Good Shape. TANK BATTERY PLACARD WORN NO WINDSOCK 19.15.10.8 **GOODNIGHT 27 FEDERAL No.002H** L-27-23S-29E 30-015-36137-00-00 Inspection *Significant Corrective **Type Inspection** Inspector Violation? Inspection No. Date Non-Compliance? Action Due By: 12/12/2017 Routine/Periodic Tony Morales Yes No iTM1734638815 3/17/2018 Violations General Housekeeping (Rule 114) **Comments on Inspection:** OK. All Equipment and Location in Good Shape. PJO BRINE STAINING AROUND LOCATION 19.15.10.8 BIRD ELECTIC HOBBS NM INSTALLING PRESSURE SWITCHES SPOKE MARK. **GOODNIGHT 35 FEDERAL No.002H** M-35-23S-29E 30-015-36373-00-00 Inspection *Significant Corrective Type Inspection Violation? Inspection No. Inspector Date Non-Compliance? **Action Due By:** 12/12/2017 Routine/Periodic **Tony Morales** Yes No 3/17/2018 iTM1734644980 **Violations** Surface Damage/Restoration **Comments on Inspection:** OK. All Equipment and Location in Good Shape. PJO STAINING AROUND WELLHEAD TANK BATTERY NO PLACARD / WINDSOCK 19.15.10.8 CYPRESS 33 FEDERAL No.002H A-33-23S-29E 30-015-37308-00-00

Inspection *Significant Corrective

Inspection No. **Type Inspection** Inspector Violation? **Action Due By:** Date Non-Compliance? 12/12/2017 Routine/Periodic Tony Morales Yes No 3/17/2018 iTM1734646257

Violations

General Housekeeping (Rule 114)

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

WELLHEAD 19.15.10.8

CYPRESS 34 FEDERAL No.006H M-34-23S-29E 30-015-38366-00-00

*Significant Inspection Corrective Inspection No. **Type Inspection** Inspector Violation? Date Non-Compliance? Action Due By: iTM1734642601 12/12/2017 Routine/Periodic Tony Morales Yes No 3/17/2018

Violations

General Housekeeping (Rule 114)

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

STAINING AREA APPROX 20' X 20' OLD SUCKER RODS ON LOCATION 19.15.10.8

Oil Conservation Division * 811 S. First St. * Artesia, New Mexico 88210 Phone: 575-748-1283 * Fax: 575-748-9720 * http://www.emnrd.state.nm.us 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.