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"

16-Feb-18

OXY USA INC

PO Box 4294

Houston TX 77210-7210

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.

| HARROUN Inspection Date | 15 No.007 Type Inspectio | n | Inspector | Violation? | C-15-24S-29E *Significant Non-Compliance? | 30-015-29987-00- Corrective Action Due By: | 00 Inspection No. |
|---|---|-----------------------------|----------------------|--------------|---|--|-------------------|
| 02/16/2018 | Routine/Periodic Violations General Housekeeping (Rule 114) | | Tony Morales | Yes | No | 5/22/2018 | iTM1804742156 |
| Comments | on Inspection: | OK. All Equip 19.15.10.8 | ment and Location in | Good Shape | . PJO. STAINING | AROUND WELL HE | AD |
| HARROUN 15 No.008 Inspection Date Type Inspection | | | Inspector | Violation? | F-15-24S-29E *Significant Non-Compliance? | 30-015-30253-00- Corrective Action Due By: | 00 Inspection No. |
| 02/16/2018 | Routine/Periodic Violations General Housekeeping (Rule 114) | | Tony Morales | Yes | No | 5/22/2018 | iTM1804742453 |
| Comments | on Inspection: | OK. All Equip. | ment and Location in | n Good Shape | . PJ. STAINING A | ROUND WELL HEA | D |

INSPECTION DETAIL SECTION

HARROUN 10 No.001

N-10-24S-29E

30-015-30375-00-00

Inspection

02/16/2018

Type Inspection Date

Inspector

Violation?

*Significant Non-Compliance?

Corrective Action Due By:

Inspection No.

Tony Morales

Yes

No 5/22/2018 iTM1804745357

Violations

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

HARROUN 15 No.009

J-15-24S-29E

30-015-30713-00-00

Inspection

Date

Type Inspection

Inspector

*Significant Violation? Non-Compliance?

Corrective Action Due By:

Inspection No.

02/16/2018

Routine/Periodic

Tony Morales

Yes

No

5/22/2018

iTM1804743277

Violations

General Housekeeping (Rule 114)

Comments on Inspection:

OK. All Equipment and Location in Good Shape. PJ. STAINING AROUND WELL HEAD 19

.15 .10, 8

HARROUN 10 No.002

Type Inspection

Inspector

Violation?

*Significant Non-Compliance?

M-10-24S-29E

30-015-31709-00-00 Corrective **Action Due By:**

Inspection No.

Date 02/16/2018

Inspection

Routine/Periodic

Tony Morales

Yes

No

5/22/2018

iTM1804741784

Violations

General Housekeeping (Rule 114)

Comments on Inspection:

OK. All Equipment and Location in Good Shape. PJ. STAINING AROUND WELL 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 OCQ 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.