State of New Mexico Energy, Minerals and Natural Resources Department

Susana Martinez Governor

Ken McQueen Cabinet Secretary

Matthias Sayer Deputy Cabinet Secretary Heather Riley Division Director



Response Required - Deadline Enclosed

Field Inspection Program
"Preserving the Integrity of Our Environment"

10-May-18

PERCUSSION PETROLEUM OPERATING, LLC

919 Milam Suite 2475 Houston TX 77002-7002

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.

			INSPECTIO	V DETAIL	SECTION		
SPIKETAIL Inspection	5 STATE No.				F-5-17S-29E *Significant	30-015-37803-00-0 Corrective Action Due By:) Inspection No.
Date	Type Inspection Routine/Periodic		Inspector Tony Morales	Violation? Yes	Non-Compliance? No		iTM1813042147
05/10/2018							
	Violations						
	General Housekee	ping (Rule 114)					
Comments	on Inspection:	OK. All Equipmen 19.15.10.8	nt and Location in	Good Shape	. PJ STAINING AR	OUND WELLHEAD.	
CHASER 8 STATE No.001					G-8-17S-29E	30-015-37872-00-00	,
Inspection Date	Type Inspection		Inspector Tony Morales	Violation? Yes	*Significant Non-Compliance? No	Corrective Action Due By: 8/13/2018	Inspection No. iTM1813036383
05/10/2018	Routine/Perio	dic					
	Violations						
	General Houseke	eping (Rule 114)					
Comments on Inspection: OK. All Equip CHASE OR C		OK. All Equipme CHASE OR CHA	nt and Location in SER LOCATION	n Good Shape NAME 19.	e. PJ STAINING AR 15.10.8	OUND WELLHEAD	

Routine/Periodic	Inspector Tony Morales	Violation? Yes	*Significant Non-Compliance? No	Corrective Action Due By: 8/13/2018	Inspection No. iTM1813037481
General Housekeeping (Rule 114 a Inspection: OK. All Equi 19.15.10.8) pment and Location in	Good Shape			
	Inspector	Inspector Violation?	*Significant	Corrective	J Inspection No.
Routine/Periodic	Tony Morales	Yes	No	8/13/2018	iTM1813037823
General Housekeeping (Rule 114	ipment and Location in	n Good Shape	. PJO STAINING A	ROUND WELLHEAD	
	n Inspection: OK. All Equi 19.15.10.8 8 FEDERAL No.001 Type Inspection Routine/Periodic Violations General Housekeeping (Rule 114 on Inspection: OK. All Equi	Routine/Periodic Tony Morales Violations General Housekeeping (Rule 114) Inspection: OK. All Equipment and Location in 19.15.10.8 8 FEDERAL No.001 Inspector Type Inspection Inspector Routine/Periodic Tony Morales Violations General Housekeeping (Rule 114) General Housekeeping (Rule 114) OK. All Equipment and Location in 19.15.10.10	Type Inspection Inspector Routine/Periodic Tony Morales Yes Violations General Housekeeping (Rule 114) Inspection In Good Shape 19.15.10.8 0K. All Equipment and Location in Good Shape 19.15.10.8 8 FEDERAL No.001 Inspector Violation? Routine/Periodic Tony Morales Yes Violations General Housekeeping (Rule 114) Yes Inspection: OK. All Equipment and Location in Good Shape	Type Inspection Inspection No Routine/Periodic Tony Morales Yes No Violations General Housekeeping (Rule 114) Inspection Good Shape. PJO OLD TUBING 19.15.10.8 E-8-17S-29E *Significant 8 FEDERAL No.001 E-8-17S-29E *Significant Type Inspection Inspector Violation? Non-Compliance? Routine/Periodic Tony Morales Yes No Violations General Housekeeping (Rule 114) E-8-100000000000000000000000000000000000	Type Inspection Inspection Non Compliance 8/13/2018 Routine/Periodic Tony Morales Yes No 8/13/2018 Violations General Housekeeping (Rule 114) Inspection Good Shape. PJO OLD TUBING ON LOCATION 19.15.10.8 E-8-17S-29E 30-015-38653-00-00 *Significant Corrective 8 FEDERAL No.001 E-8-17S-29E 30-015-38653-00-00 *Significant Corrective Type Inspection Inspector Violation? Non-Compliance? Action Due By: Routine/Periodic Tony Morales Yes No 8/13/2018 Violations General Housekeeping (Rule 114) Inspection in Good Shape. PJO STAINING AROUND WELLHEAD

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, 60 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.