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"

03-Jul-18

BURNETT OIL CO INC

Burnett Plaza, Suite 1500 801 Cherry St., Unit 9 Fort Worth TX 76102-6102

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 | N DETAIL | SECTION | | |
|---------------------------------|---------------------------|-----------------------------|--------------------------------------|-------------|---|--|---------------------|
| GRAYBUR Inspection Date | G JACKSON S | S A UNIT No.03 | 36 Inspector | Violation? | I-12-17S-30E *Significant Non-Compliance? | 30-015-04128-00-00 Corrective Action Due By: |) Inspection No. |
| 07/03/2018 | Routine/Period | lic | Tony Morales | Yes | No | 10/6/2018 | iTM1818447408 |
| Comments o | on Inspection: | OK. All Equipme 19.15.29 | nt and Location in | Good Shape. | PJO. STAINING A | ROUND WELL HEAD |) |
| GISSLER B Inspection Date | No.005 Type Inspection | | Inspector | Violation? | J-23-17S-30E *Significant Non-Compliance? | 30-015-04300-00-00 Corrective Action Due By: |) Inspection No. |
| 07/03/2018 | Routine/Perio | lic | Tony Morales | Yes | No | 10/6/2018 | iTM1818431903 |
| Comments o | on Inspection: | | nt and Location in LHEAD / LOCATI | | | GN WORN STAINING | 3 |
| GISSLER B | No.012 | | | | I-23-17S-30E | 30-015-04302-00-0 | 0 |
| Inspection Date | Type Inspection | | Inspector | Violation? | *Significant Non-Compliance? | Corrective Action Due By: | Inspection No. |
| 07/03/2018 | Routine/Perio | tic | Tony Morales | Yes | No | 10/6/2018 | iTM1818432419 |
| Comments of | on Inspection: | | nt an Location in C N WORN FADED | | PJO. STAINING AF | ROUND WELL HEAD. | |

| JACKSON I Inspection | | | | | L-24-17S-30E *Significant | 30-015-04320-00-0 Corrective | 0 |
|-------------------------|---------------------------------|-------------------------------|---|------------------------------|------------------------------------|---------------------------------|----------------|
| Date | Type Inspection | | Inspector | Violation? | Non-Compliance? | Action Due By: | Inspection No. |
| 07/03/2018 | Routine/Perio | | Tony Morales | Yes | No | 10/6/2018 | iTM1818432803 |
| Comments o | n Inspection: | OK. All Equipn STAINED ARE | nent and Location in A APPROX 60' SC | n Good Shape. DUTH 40' WE | PJ STAINING AR ST X 5' 19.15.29 | OUND WELL HEAD+ | |
| JACKSON I | 8 | No.034 | | | E-24-17S-30E | 30-015-27440-00-0 | 0 |
| Inspection Date | Type Inspection | | Inspector | Violation? | *Significant Non-Compliance? | Corrective Action Due By: | Inspection No. |
| 07/03/2018 | Routine/Perio | đic | Tony Morales | Yes | No | 10/6/2018 | iTM1818436033 |
| Comments o | n Inspection: | OK. All Equipm 19.15.29 | ent and Location in | n Good Shape. | PJ STAINING AR | OUND WELL HEAD | |
| GISSLER B | | No.030 | | | G-23-17S-30E | 30-015-27922-00-0 | 0 |
| Inspection Date | Type Inspection | | Inspector | Violation? | *Significant | Corrective | Inspection No. |
| 07/03/2018 | Routine/Perio | | Tony Morales | Yes | Non-Compliance? No | Action Due By: 10/6/2018 | iTM1818433619 |
| | n Inspection: | | - | | | ROUND WELLHEAD | |
| STEVENS A | No.010 | | | | L-13-17S-30E | 30-015-32793-00-0 | Ω |
| Inspection | | | | | *Significant | Corrective | v |
| Date | Type Inspection | | Inspector | Violation? | Non-Compliance? | Action Due By: | Inspection No. |
| 07/03/2018 | Routine/Perio | | Tony Morales | Yes | No | 10/6/2018 | iTM1818440905 |
| Comments o | n Inspection: | OK. All Equipm 19.15.29 | ent and Location in | n Good Shape. | PJ. STAINING AR | OUND WELL HEAD | |
| STEVENS A | No.011 | | | | F-13-17S-30E | 30-015-33131-00-0 | 0 |
| Inspection Date | Type Inspection | | Inspector | Violation? | *Significant | Corrective | T di Ni |
| 07/03/2018 | Routine/Perio | | Tony Morales | Yes | Non-Compliance? No | Action Due By: | Inspection No. |
| | n Inspection: | - | • | | | 10/6/2018 OUND WELLHEAD | iTM1818444208 |
| STEVENS A | | No.012 | | | N-13-17S-30E | 30-015-34225-00-0 | 0 |
| Inspection | Type Inspection | | 1 | | *Significant | Corrective | |
| Date 07/03/2018 | | | Inspector | Violation? | Non-Compliance? | Action Due By: | Inspection No. |
| Comments of | Routine/Perioe n Inspection: | | Tony Morales ent and Location ir | Yes n Good Shape. | No PJO STAINING AI | 10/6/2018 ROUND WELLHEAD | iTM1818442078 |
| JACKSON A | A No.035 | | | | G-13-17S-30E | 30-015-34502-00-0 | 0 |
| Inspection Date | Type Inspection | | Inspector | Violation? | *Significant | Corrective | Inspection No. |
| 07/03/2018 | Routine/Period | | Tony Morales | Yes | Non-Compliance? No | Action Due By: 10/6/2018 | iTM1818445185 |
| Comments of | n Inspection: | OK. All Equipm | ent and Location ir TAINING AROUN | Good Shape. | pj. contamin | ATED MATERIAL O | |
| JACKSON A | A No.027Q | | | | A-13-17S-30E | 30-015-34765-00-0 | 0 |
| Inspection Date | Type Inspection | | Inspector | Violation? | *Significant Non-Compliance? | Corrective Action Due By: | Inspection No. |
| 07/03/2018 | Routine/Period | | Tony Morales | Yes | No | 10/6/2018 | iTM1818446107 |
| Comments of | n Inspection: | OK. All Equipm | | Good Shape. | PJ WRONG API O | | 11110101010101 |
| GISSLER B Inspection | No.095 | | | | D-24-17S-30E *Significant | 30-015-41176-00-0 Corrective | 0 |
| Date | Type Inspection | | Inspector | Violation? | Non-Compliance? | Action Due By: | Inspection No. |
| 07/03/2018 | Routine/Period | lic | Tony Morales | Yes | No | 10/6/2018 | iTM1818437378 |
| Comments or | | OK. All Equipm 19.15.29 | ent and Location ir | Good Shape. | PJO. STAINING A | ROUND WELL HEAI |) |

| GISSLER A | No.043 | | | | B-23-17S-30E | 30-015-41177-00-0 | 0 |
|---------------------------------|-----------------------------|----------------------------|---------------------|---------------|---|---|---------------------|
| Inspection Date | Type Inspection | | Inspector | Violation? | *Significant Non-Compliance? | Corrective Action Due By: | Inspection No. |
| 07/03/2018 | Routine/Perio | dic | Tony Morales | Yes | No | 10/6/2018 | iTM1818435095 |
| Comments o | on Inspection: | OK. All Equipm 19.15.29 | ent and Location ir | I Good Shape. | PJO. STAINING A | ROUND WELL HEAI |) |
| JACKSON | A No.044 | | | | P-12-17S-30E | 30-015-41539-00-0 | 0 |
| Inspection Date | Type Inspection | | Inspector | Violation? | *Significant Non-Compliance? | Corrective Action Due By: | Inspection No. |
| 07/03/2018 | Routine/Perio | dic | Tony Morales | Yes | No | 10/6/2018 | iTM1818446557 |
| Comments o | on Inspection: | OK. All Equipm 19.15.29 | ent and Location ir | n Good Shape. | PJ STAINING AR | OUND WELL HEAD. | |
| GISSLER B Inspection Date | Type Inspection | No.104 | Inspector | Violation? | H-23-17S-30E *Significant Non-Compliance? | 30-015-41801-00-0 Corrective Action Due By: | O Inspection No. |
| 07/03/2018 | Routine/Perio | dic | Tony Morales | Yes | No | 10/6/2018 | iTM1818434273 |
| Comments of | on Inspection: | OK. All Equipm 19.15.29 | ent and Location ir | n Good Shape. | PJO STAINING A | ROUND WELLHEAD | 1 |
| JACKSON Inspection Date | B No.070 Type Inspection | 1 | Inspector | Violation? | F-24-17S-30E *Significant Non-Compliance? | 30-015-42043-00-0 Corrective Action Due By: | 0 Inspection No. |
| 07/03/2018 | Routine/Perio | dic | Tony Morales | Yes | No | 10/6/2018 | ·iTM1818443221 |
| Comments o | on Inspection: | OK. All Equipm 19.15.29 | ent and Location in | n Good Shape. | PJO STAINING A | ROUND WELLHEAD | |
| JACKSON | A Type Inspectior | No.050 | Inspector | Violation? | P-12-17S-30E *Significant Non-Compliance? | 30-015-42212-00-0 Corrective Action Due By: | 0 Inspection No. |
| 07/03/2018 | Routine/Perio | | Tony Morales | Yes | No | 10/6/2018 | iTM1818446991 |
| Comments o | on Inspection: | OK. All Equipm 19.15.29 | • | n Good Shape. | PJO STAINING A | ROUND WELL HEAT |) . |

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 7)0

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.