State Of New Mexico Energy, Minerals and Natural Resources Department

Michelle Lujan Grisham Govenor Sarah Cottrell Propst Cabinet Secretary Vacant

Deputy Cabinet Secretary

Gabriel Wade Division Director



"Response Required - Deadline Enclosed"

Field Inspection Program "Preserving the Integrity of Our Environment"

11-Jan-19

BASIC ENERGY SERVICES, LP P.O. Box 1375 Artesia, NM 88210

LETTER OF VIOLATION - Field Inspection

Dear Operator:

The following inspection indicates that the well, equipment, location or operational status of the well 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 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.

INSPECTION DETAIL SECTION

[30-015-32438] SHUGART STATE #002

OGRID: 246368

K-16-18S-31E 1850 FSL 1650 FWL

Inspection Date 12/18/2018

Type Inspection

Inspector

Corrective Action Due By

Inspection No.

Routine Inspection

[DRS] Danny Smolik

4/30/2019

iDRS1835230726

Violations:

Rule

Violation

Comment

19.15.26 Injection Pressure exceeds permit pressure Well not holding pressure

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 Division 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.

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