State Of New Mexico Energy, Minerals and Natural Resources Department

Michelle Lujan Grisham Govenor Sarah Cottrell Propst Cabinet Secretary Todd Leahy Deputy Cabinet Secretary

Gabriel Wade Division Director

"Response Required - Deadline Enclosed"



LETTER OF VIOLATION - Field Inspection

Field Inspection Program "Preserving the Integrity of Our Environment"

16-Jan-19

RKI EXPLORATION & PRODUCTION, LLC 3817 NW Expressway Suite 950 Oklahoma City, OK 73112

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

| [30-015-42234] LVP SWD #001 | | | C |)GRID: 246289 | I-04-23S-28E 2100 FSL 385 FEI |
|----------------------------------|---------------------------------------|---|---------------------------------|---|---------------------------------|
| Inspection Date 1/15/2019 | Type Inspection Routine Inspection | | Inspector (DRS) Danny Smolik | Corrective Action Due By 4/15/2019 | Inspection No. iDRS191533598 |
| Violations: | | | | | |
| Rule Violatio | | Violation | | Comment | |
| 19.15.16 Drilling and Production | | Detection of Deficient Mechanical Integrity | | Steady blow on pc | |
| 19.15 Oil and Gas | | Mechanical Integrity Failure Recorded | | Auto Generated Violation - MIT Failure exits. | |
| | | | | | |

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