State Of New Mexico **Energy, Minerals and Natural Resources Department**

Michelle Lujan Grisham

Governor

Sarah Cottrell Propst

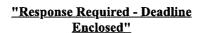
Cabinet Secretary

Todd E. Leahy, JD, PhD

Deputy Cabinet Secretary

Adrienne Sandoval

Division Director



Field Inspection Program
"Preserving the Integrity of Our Environment"



01-Nov-19

CHISHOLM ENERGY OPERATING, LLC

801 Cherry Street Fort Worth, TX 76102

Dear Operator:

LETTER OF VIOLATION - Field Inspection

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

[30-015-33939] SALT DRAW 10 STATE COM #001

OGRID: 372137

A-10-25S-28E 840 FNL 660 FEL

Inspection Date

Type Inspection

Inspector

Corrective Action Due By

Inspection No.

10/30/2019

Routine Inspection

[DRS] Danny Smolik

1/28/2020

iDRS1930530591

Violations:

Rule

Violation

19.15 Oil and Gas

Mechanical Integrity Failure Recorded

Comment:

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