State of New Mexico Energy, Minerals and Natural Resources Department

Susana Martinez

Governor

David Martin Cabinet Secretary Tony Delfin **Deputy Cabinet Secretary**

David Catanach, Director Oil Conservation: Division

Response Required - Deadline Enclosed

Field Inspection Program "Preserving the Integrity of Our Environment"

16-Aug-16

STEPHENS & JOHNSON OP CO PO BOX 2249 WICHITA FALLS TX 76307

LETTER OF VIOLATION -

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.

INSPECTION DETAIL SECTION

STATE (648 A	C 811	No.07	1

G-10-19S-28E

30-015-02203-00-00

Inspection Date

Type Inspection

Inspector

Violation?

*Significant Corrective Non-Compliance?

Routine/Periodic

No

Action Due By:

08/16/2016

Gilbert Cordero

Yes

11/19/2016

Comments on Inspection:

Inspection No. iGC1622927504

Well Sign (Rule 19.15.16.8). OPERATOR (SDX) IS NOT CORRECT. POWER OFF TO PJ

30-015-02249-00-00

Inspection Date

Type Inspection

Inspector Gilbert Cordero

Violation? Yes

*Significant Non-Compliance? No

E-14-19S-28E

Corrective Action Due By: 11/19/2016

Inspection No.

iGC1622949331

08/16/2016 Routine/Periodic Comments on Inspection:

Well Sign (Rule 19.15.16.8). OPERATOR (SDX) IS NOT CORRECT

EAST MILLMAN UNIT No.001

EAST MILLMAN UNIT No.147

A-15-19S-28E

30-015-02256-00-00

Inspection Date

Type Inspection

Inspector

Gilbert Cordero

Violation? Yes

*Significant Non-Compliance? No

Corrective Action Due By: 11/19/2016

Inspection No. iGC1622949650

08/16/2016 Routine/Periodic Comments on Inspection:

Well Sign (Rule 19.15.16.8). OPERATOR (SDX) IS NOT CORRECT

Oil Conservation Division * 811 S. First St. * http://www.emnrd.state.nm.us Phone: 575-748-1283 * Fax: 575-748-9720

EAST MILLMAN UNIT No.158 G-22-19S-28E 30-015-02289-00-00

Inspection Significant. Corrective Violation? Non-Compliance? **Type Inspection** Inspector Action Due By: Inspection No. Date

08/16/2016 Routine/Periodic Gilbert Cordero Yes No 11/19/2016

Well Sign (Rule 19.15.16.8). OPERATOR (SDX) IS NOT CORRECT Comments on Inspection:

EAST MILLMAN UNIT No.167 A-22-19S-28E 30-015-02291-00-00 Significant Inspection Corrective

Date Violation? Non-Compliance? **Type Inspection** Inspector Action Due By: Inspection No. Yes No 08/16/2016 Routine/Periodic Gilbert Cordero 11/19/2016 iGC1622945835

iGC1622931069

Comments on Inspection: No Well Sign (Rule 19.15.16.8).

STATE 648 AC 811 No.214 G-10-19S-28E 30-015-10857-00-00

Inspection *Significant Corrective Date Type Inspection Inspector Violation? Non-Compliance? Action Due By: Inspection No. 08/16/2016 Routine/Periodic Gilbert Cordero Yes No 11/19/2016 iGC1622928154

Well Sign (Rule 19.15.16.8). OPERATOR (SDX) IS NOT CORRECT Comments on Inspection:

FEATHERSTONE WELCH No.002 E-22-19S-28E 30-015-22921-00-00

Inspection *Significant Corrective Date Type Inspection Violation? Non-Compliance? Inspection No. Inspector Action Due By: iGC1622930213 08/16/2016 Routine/Periodic Gilbert Cordero Yes 11/19/2016 No

Well Sign (Rule 19.15.16.8). OPERATOR (SDX) IS NOT CORRECT Comments on Inspection:

EAST MILLMAN UNIT No.196 L-14-19S-28E 30-015-27302-00-00

Inspection Significant Corrective Inspection No. Date Type Inspection Inspector Violation? Non-Compliance? Action Due By:

iGC1622949119 Routine/Periodic Gilbert Cordero No 11/19/2016 08/16/2016 Yes

Well Sign (Rule 19.15.16.8). OPERATOR (SDX) IS NOT CORRECT Comments on Inspection:

EAST MILLMAN UNIT No.199 E-14-19S-28E 30-015-27304-00-00

*Significant Corrective Inspection Violation? Inspection No. Date **Type Inspection** Inspector Non-Compliance? Action Due By:

iGC1622949526 Routine/Periodic Gilbert Cordero Yes 11/19/2016 08/16/2016 No

Well Sign (Rule 19.15.16.8). OPERATOR (SDX) IS NOT CORRECT Comments on Inspection:

EAST MILLMAN UNIT No.203 B-22-19S-28E 30-015-27348-00-00

Corrective Inspection *Significant Inspection No. Inspector Violation? Non-Compliance? Action Due By: Date Type Inspection 11/19/2016 iGC1622946315 08/16/2016 Routine/Periodic Gilbert Cordero Yes No

NO FLOW LINES Well Sign (Rule 19.15.16.8). OPERATOR (SDX) IS NOT CORRECT. Comments on Inspection:

HOOKED UP - SHOWS PRODUCTION

EAST MILLMAN UNIT No.208 H-22-19S-28E 30-015-27467-00-00

Inspection *Significant Corrective Violation? Non-Compliance? Inspection No. Action Due By: Date Type Inspection Inspector 11/19/2016 iGC1622931224 08/16/2016 Routine/Periodic Gilbert Cordero Yes No

Comments on Inspection: Well Sign (Rule 19.15.16.8). OPERATOR (SDX) IS NOT CORRECT

30-015-27481-00-00 EAST MILLMAN UNIT No.210 D-23-19S-28E *Significant Corrective

Inspection Inspection No. Action Due By: Date Type Inspection Inspector Violation? Non-Compliance? 08/16/2016 Routine/Periodic Gilbert Cordero Yes No 11/19/2016 iGC1622932312

No Well Sign (Rule 19.15.16.8). Comments on Inspection:

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

EAST MILLMAN UNIT No.224

Inspector

G-22-19S-28E

*Significant

30-015-27725-00-00

Inspection Date 08/16/2016

Type Inspection Routine/Periodic

EAST MILLMAN POOL UNIT No.014

EAST MILLMAN POOL UNIT No.014Q

Routine/Periodic

Gilbert Cordero

Violation? Non-Compliance? Yes No

Corrective Action Due By: 11/19/2016

Inspection No. iGC1622930860

Comments on Inspection:

No Well Sign (Rule 19.15.16.8).

F-13-19S-28E 30-015-31678-00-00 *Significant

Corrective

Inspection Date

Type Inspection 08/16/2016 Routine/Periodic

Violation? Inspector Yes Gilbert Cordero

Non-Compliance? No

Action Due By: 11/19/2016

Inspection No. iGC1622942023

Comments on Inspection:

No Well Sign (Rule 19.15.16.8).

N-13-19S-28E

30-015-33543-00-00

Inspection

08/16/2016

Date Type Inspection Inspector Gilbert Cordero Violation? Yes

*Significant Non-Compliance? No

Corrective Action Due By: 11/19/2016

Inspection No. iGC1622942855

Comments on Inspection:

No Well Sign (Rule 19.15.16.8).

C115 Amendments are required for the following two wells that are not currently producing

EAST MILLMAN UNIT No.203 30-015-27348-00-00

EAST MILLMAN UNIT No.232 30-015-34860-00-00

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,

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.