

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"

30-Aug-16

REMNANT OIL OPERATING, LLC
PO BOX 5375
MIDLAND TX 79704

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.

INSPECTION DETAIL SECTION

| PENJACK FEDERAL | | No.001 | D-6-10S-26E | 30-005-60531-00-00 | | |
|---|------------------------|------------------|---------------------|-------------------------------------|----------------------------------|-----------------------|
| Inspection Date | Type Inspection | Inspector | Violation? | *Significant Non-Compliance? | Corrective Action Due By: | Inspection No. |
| 08/30/2016 | Routine/Periodic | Gilbert Cordero | Yes | No | 12/3/2016 | iGC1624333728 |
| Comments on Inspection: Well Sign (Rule 19.15.16.8). OPERATOR (LEGACY) ON WELL SIGN IS NOT CORRECT | | | | | | |
| JJ FEDERAL | | No.001 | I-1-10S-25E | 30-005-60559-00-00 | | |
| Inspection Date | Type Inspection | Inspector | Violation? | *Significant Non-Compliance? | Corrective Action Due By: | Inspection No. |
| 08/30/2016 | Routine/Periodic | Gilbert Cordero | Yes | No | 12/3/2016 | iGC1624338499 |
| Comments on Inspection: Well Sign (Rule 19.15.16.8). OPERATOR (LEGACY) ON WELL SIGN IS NOT CORRECT | | | | | | |
| LUKE FEDERAL COM | | No.001 | F-24-10S-25E | 30-005-61469-00-00 | | |
| Inspection Date | Type Inspection | Inspector | Violation? | *Significant Non-Compliance? | Corrective Action Due By: | Inspection No. |
| 08/30/2016 | Routine/Periodic | Gilbert Cordero | Yes | No | 12/3/2016 | iGC1624344286 |
| Comments on Inspection: Well Sign (Rule 19.15.16.8). OPERATOR (LEGACY) ON WELL SIGN IS NOT CORRECT | | | | | | |

TYRELL FEDERAL COM No.001 C-13-10S-25E 30-005-61781-00-00
 Inspection Date: 08/30/2016 Type Inspection: Routine/Periodic Inspector: Gilbert Cordero Violation?: Yes *Significant Non-Compliance?: No Corrective Action Due By: 12/3/2016 Inspection No.: iGC1624342203
 Comments on Inspection: Well Sign (Rule 19.15.16.8). OPERATOR (LEGACY) ON WELL SIGN IS NOT CORRECT

SUZANNE FEDERAL No.001 A-23-10S-25E 30-005-61947-00-00
 Inspection Date: 08/30/2016 Type Inspection: Routine/Periodic Inspector: Gilbert Cordero Violation?: Yes *Significant Non-Compliance?: No Corrective Action Due By: 12/3/2016 Inspection No.: iGC1624344613
 Comments on Inspection: Well Sign (Rule 19.15.16.8). OPERATOR (LEGACY) ON WELL SIGN IS NOT CORRECT. SIGN IS NOT LEGIBLE

LISA FEDERAL No.001 L-13-10S-25E 30-005-62109-00-00
 Inspection Date: 08/30/2016 Type Inspection: Routine/Periodic Inspector: Gilbert Cordero Violation?: Yes *Significant Non-Compliance?: No Corrective Action Due By: 12/3/2016 Inspection No.: iGC1624341906
 Comments on Inspection: Well Sign (Rule 19.15.16.8). OPERATOR (LEGACY) ON WELL SIGN IS NOT CORRECT

TYRELL FEDERAL COM No.002 G-13-10S-25E 30-005-62217-00-00
 Inspection Date: 08/30/2016 Type Inspection: Routine/Periodic Inspector: Gilbert Cordero Violation?: Yes *Significant Non-Compliance?: No Corrective Action Due By: 12/3/2016 Inspection No.: iGC1624342533
 Comments on Inspection: Well Sign (Rule 19.15.16.8). OPERATOR (LEGACY) ON WELL SIGN IS NOT CORRECT

PENJACK FEDERAL No.002 O-12-10S-25E 30-005-62465-00-00
 Inspection Date: 08/30/2016 Type Inspection: Routine/Periodic Inspector: Gilbert Cordero Violation?: Yes *Significant Non-Compliance?: No Corrective Action Due By: 12/3/2016 Inspection No.: iGC1624337999
 Comments on Inspection: Well Sign (Rule 19.15.16.8). OPERATOR (LEGACY) ON WELL SIGN IS NOT CORRECT

MCCREA FEE COM No.002 B-1-10S-25E 30-005-62474-00-00
 Inspection Date: 08/30/2016 Type Inspection: Routine/Periodic Inspector: Gilbert Cordero Violation?: Yes *Significant Non-Compliance?: No Corrective Action Due By: 12/3/2016 Inspection No.: iGC1624335333
 Comments on Inspection: Well Sign (Rule 19.15.16.8). OPERATOR (LEGACY) ON WELL SIGN IS NOT CORRECT

PENJACK FEDERAL No.003 H-12-10S-25E 30-005-62495-00-00
 Inspection Date: 08/30/2016 Type Inspection: Routine/Periodic Inspector: Gilbert Cordero Violation?: Yes *Significant Non-Compliance?: No Corrective Action Due By: 12/3/2016 Inspection No.: iGC1624338262
 Comments on Inspection: Well Sign (Rule 19.15.16.8). OPERATOR (LEGACY) ON WELL SIGN IS NOT CORRECT

PENJACK FEDERAL No.004 K-6-10S-26E 30-005-62544-00-00
 Inspection Date: 08/30/2016 Type Inspection: Routine/Periodic Inspector: Gilbert Cordero Violation?: Yes *Significant Non-Compliance?: No Corrective Action Due By: 12/3/2016 Inspection No.: iGC1624331314
 Comments on Inspection: Well Sign (Rule 19.15.16.8). OPERATOR (LEGACY) ON WELL SIGN IS NOT CORRECT

PENJACK FEDERAL No.006 L-7-10S-26E 30-005-62562-00-00
 Inspection Date: 08/30/2016 Type Inspection: Routine/Periodic Inspector: Gilbert Cordero Violation?: Yes *Significant Non-Compliance?: No Corrective Action Due By: 12/3/2016 Inspection No.: iGC1624330405
 Comments on Inspection: Well Sign (Rule 19.15.16.8). OPERATOR (LEGACY) ON WELL SIGN IS NOT CORRECT

PENJACK FEDERAL No.007 I-7-10S-26E 30-005-62611-00-00
 Inspection Date: 08/30/2016 Type Inspection: Routine/Periodic Inspector: Gilbert Cordero Violation?: Yes *Significant Non-Compliance?: No Corrective Action Due By: 12/3/2016 Inspection No.: iGC1624330622
 Comments on Inspection: Well Sign (Rule 19.15.16.8). OPERATOR (LEGACY) ON WELL SIGN IS NOT CORRECT AND SIGN IS NOT LEGIBLE

PENJACK FEDERAL No.008 O-6-10S-26E 30-005-62672-00-00
 Inspection Date: 08/30/2016 Type Inspection: Routine/Periodic Inspector: Gilbert Cordero Violation?: Yes *Significant Non-Compliance?: No Corrective Action Due By: 12/3/2016 Inspection No.: iGC1624331742
 Comments on Inspection: Well Sign (Rule 19.15.16.8). OPERATOR (LEGACY) ON WELL SIGN IS NOT CORRECT

JJ FEDERAL No.002 K-1-10S-25E 30-005-62678-00-00
 Inspection Date: 08/30/2016 Type Inspection: Routine/Periodic Inspector: Gilbert Cordero Violation?: Yes *Significant Non-Compliance?: No Corrective Action Due By: 12/3/2016 Inspection No.: iGC1624336951
 Comments on Inspection: Well Sign (Rule 19.15.16.8). OPERATOR (LEGACY) ON WELL SIGN IS NOT CORRECT, SIGN IS NOT LEGIBLE

PENJACK FEDERAL No.009 G-6-10S-26E 30-005-62916-00-00
 Inspection Date: 08/30/2016 Type Inspection: Routine/Periodic Inspector: Gilbert Cordero Violation?: Yes *Significant Non-Compliance?: No Corrective Action Due By: 12/3/2016 Inspection No.: iGC1624332080
 Comments on Inspection: Well Sign (Rule 19.15.16.8). OPERATOR (LEGACY) ON WELL SIGN IS NOT CORRECT

JJ FEDERAL No.003 F-1-10S-25E 30-005-63168-00-00
 Inspection Date: 08/30/2016 Type Inspection: Routine/Periodic Inspector: Gilbert Cordero Violation?: Yes *Significant Non-Compliance?: No Corrective Action Due By: 12/3/2016 Inspection No.: iGC1624336682
 Comments on Inspection: No Well Sign (Rule 19.15.16.8).

PENJACK FEDERAL No.010 I-12-10S-25E 30-005-63591-00-00
 Inspection Date: 08/30/2016 Type Inspection: Routine/Periodic Inspector: Gilbert Cordero Violation?: Yes *Significant Non-Compliance?: No Corrective Action Due By: 12/3/2016 Inspection No.: iGC1624337864
 Comments on Inspection: Well Sign (Rule 19.15.16.8). OPERATOR (LEGACY) ON WELL SIGN IS NOT CORRECT

PENJACK FEDERAL No.011Q B-12-10S-25E 30-005-63592-00-00
 Inspection Date: 08/30/2016 Type Inspection: Routine/Periodic Inspector: Gilbert Cordero Violation?: Yes *Significant Non-Compliance?: No Corrective Action Due By: 12/3/2016 Inspection No.: iGC1624337543
 Comments on Inspection: Well Sign (Rule 19.15.16.8). OPERATOR (LEGACY) ON WELL SIGN IS NOT CORRECT

TYRELL 13 FEDERAL COM No.004 A-13-10S-25E 30-005-63703-00-00
 Inspection Date: 08/30/2016 Type Inspection: Routine/Periodic Inspector: Gilbert Cordero Violation?: Yes *Significant Non-Compliance?: No Corrective Action Due By: 12/3/2016 Inspection No.: iGC1624338867
 Comments on Inspection: No Well Sign (Rule 19.15.16.8).

JJ 1 FEDERAL COM No.004 M-1-10S-25E 30-005-63711-00-00
 Inspection Date: 08/30/2016 Type Inspection: Routine/Periodic Inspector: Gilbert Cordero Violation?: Yes *Significant Non-Compliance?: No Corrective Action Due By: 12/3/2016 Inspection No.: iGC1624337092
 Comments on Inspection: Well Sign (Rule 19.15.16.8). OPERATOR (LEGACY) ON WELL SIGN IS NOT CORRECT

COMANCHE HILL 18 FED No.001

2-18-10S-26E

30-005-63815-00-00

| Inspection Date | Type Inspection | Inspector | Violation? | *Significant Non-Compliance? | Corrective Action Due By: | Inspection No. |
|-----------------|------------------|-----------------|------------|------------------------------|---------------------------|----------------|
| 08/30/2016 | Routine/Periodic | Gilbert Cordero | Yes | No | 12/3/2016 | iGC1624330046 |

Comments on Inspection: Well Sign (Rule 19.15.16.8). OPERATOR (LEGACY) ON WELL SIGN IS NOT CORRECT

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,


Compliance Officer
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.