State of New Mexico Energy, Minerals and Natural Resources Department

Susana Martinez

Governor

Ken McQueen Cabinet Secretary **David Catanach Division Director**

Matthias Sayer

Deputy Cabinet Secretary

Response Required - Deadline Enclosed

01-Jun-17

SOUTHWESTERN INC 1304 W. BROADWAY PL HOBBS NM 88240-

LETTER OF VIOLATION - Inactive Well(s)

Dear Operator:

A review of our records and recent inspection(s) indicate that the subject well(s) has been shut-in for an extended period of time. Rule 19.15.25.8 (3) WELLS TO BE PROPERLY ABANDONED of the Rules and Regulation of the Oil Conservation Division provides that a well may be shut-in no longer than sixty days after suspension of drilling operations, upon determining that the well is no longer usable (e.g., a dry hole), or one year after last production.

To comply with guidelines as established in the Rules and Regulations, corrective actions must be taken immediately and the. well(s) brought into compliance.

The detail section below indicates preliminary findings and/or probable nature of the violation.

The following options are

- 1. Immediately restore the well(s) to production, injection or disposal as applicable. Submit Form C-103 stating how and when wells became active and monthly file electronically Form C-115
- 2. Request Temporary Abandoned' status pursuant to Rule 19.15.25.13 on Form C-103, which requires that you set a plug. and conduct a mechanical integrity test
- 3. Submit a proposal to 'Plug and Abandon' the well(s) pursuant to Rule 19.15.25.9 on Form C-103 and, proceed with
- . plugging procedures on a timely basis after the proposal has been evaluated, amended and/or approved

In the event that a "PLAN OF ACTION" is not received within thirty days of this letter and all compliance issues completed by. the "Corrective Action Due By" date shown above, further enforcement will occur

IDLE WELL INSPECTION DETAIL SECTION

HUMBLE STATE 001

A-17-18S-28E

30-015-01900-00-

Inspection No. iTWG1714633243

Inspection Date: Type Inspection

5/26/2017 9:14:00 AM

Violation?

Corrective Action Due by: 8/29/2017 *Significant Non-Compliance?

Routine/Periodic

Inspector

Comments on Inspection:

Tim Gum

IDLE WELL. PJ.PO. ELECTRIC METER REMOVED. TBG VALVE CLOSED, FLOWLINE CONNTED TO 1 TK BTTY, OSCVO. NINOR HP AROUND WH & TK. LRP--10/09. BTTY-

CAPABLE OF PRODUCTION W/ ELEC POWER BEING RESTORED.

PICTURES TAKEN.

HUMBLE STATE 002

D-20-18S-28E 30-015-01969-00-

Inspection No. iTWG1714640627

Inspection Date: 5/26/2017 11:16:53 AM Corrective Action Due by: 8/29/2017

Type Inspection Inspector Violation? *Significant Non-Compliance?

Routine/Periodic Tim Gum Yes No

Comments on Inspection: IDLE WELL. LRP--10/09. PJ.PO. RODS OFF HANGER.NO MOTOR OR ELECTRC POWER,

METER PULLED. TBG & FLOWLINE VALVES OPEN. FLOWLINE CONNETED TO BTTY.

OSCVO. MINOR WHHP.

BTTY -2TKS, MINOR STAIN BETWEEN TKS.

LOV—(RULE 19.15.16.8 VIOLATION) WELL SIGN NOT COMPLETE; WELL NAME & NO. WELL CAPABLE OF PRODUCING W/ POWER HOOKUP & PLACING RODS IN HANGER.

Thank you for your prompt attention to this matter and your efforts in helping to protect our environment and the infrastructure of the oil and gas industry.

Sincerely,

Artesia OCD District Office

^{*} Significant Non-Compliance events are reported directly to the U.S. Environmental Protection Agency, Region VI, Dallas, Texas.