State of New Mexico Energy, Minerals and Natural Resources Department

Susana Martinez

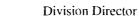
Governor

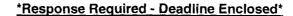
Ken McQueen Cabinet Secretary

Matthias Sayer

Deputy Cabinet Secretary

David Catanach







Field Inspection Program "Preserving the Integrity of Our Environment"

07-Nov-17

REMNANT OIL OPERATING, LLC

PO Box 5375

Midland TX 79704-9704

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.

			INSPECTIO	N DETAIL	SECTION		
SUN FEDE Inspection Date	RAL No.001 Type Inspection		Inspector	Violation?	F-20-19S-31E *Significant Non-Compliance?	30-015-05770-00-00 Corrective Action Due By:	Inspection No.
11/07/2017	Routine/Period Violations General Housekee		Tony Morales	Yes	No	2/10/2018	iTM1731145670
Comments	on Inspection:					IG AROUND WELL NTAINMENT-BERM	NO
TENNECO Inspection Date	FEDERAL No	.001	Inspector	Violation?	D-28-19S-31E *Significant Non-Compliance?	30-015-05794-00-00 Corrective Action Due By:	Inspection No.

11/07/2017 Routine/Periodic

Tony Morales

Yes

No

2/10/2018

iTM1731142519

Violations

Fire Walls and Dikes

General Housekeeping (Rule 114)

Comments on Inspection:

OK. All Equipment and Location in Good Shape.

PJO. STAINING AROUND WELL

HEAD TANK BATTERIES NO SECONDARY IMPERMEABLE CONTAINMENT-BERM

NO PLACARDS / WINDSOCK 19.15.10.8

TENNESSEE FEDERAL No.002 M-21-19S-31E 30-015-10161-00-00 Inspection *Significant Corrective **Type Inspection** Inspector Violation? Inspection No. Date Non-Compliance? Action Due By: 11/07/2017 Routine/Periodic Yes No Tony Morales 2/10/2018 iTM1731142819 **Violations** Surface Damage/Restoration General Housekeeping (Rule 114) Comments on Inspection: OK. All Equipment and Location in Good Shape. PJO. STAINING AROUND WELL HEAD TANK BATTERIES STAINING NO SECONDARY IMPERMEABLE CONTAINMENT-BERM NO PLACARDS / WINDSOCK 19.15.10.8 H-21-19S-31E HILL FEDERAL No.001 30-015-24863-00-00 Inspection *Significant Corrective Type Inspection Inspector Violation? Inspection No. Date Non-Compliance? Action Due By: 11/07/2017 Routine/Periodic Tony Morales Yes No 2/10/2018 iTM1731139228 Violations General Housekeeping (Rule 114) Comments on Inspection: OK. All Equipment and Location in Good Shape. PJ. STAINING AROUND WELL HEAD. 19.15.10.8 AMOCO FEDERAL No.004 B-21-19S-31E 30-015-25080-00-00 Inspection *Significant Corrective Type Inspection Inspector Violation? Inspection No. Date Non-Compliance? Action Due By: 11/07/2017 iTM1731136819 Routine/Periodic Tony Morales Yes No 2/10/2018 **Violations** General Housekeeping (Rule 114) **Comments on Inspection:** OK. All Equipment and Location in Good Shape. PJ. STAINING AROUND WELL HEAD. 19.15.10.8 A-21-19S-31E 30-015-25082-00-00 HILL FEDERAL No.002 *Significant Inspection Corrective Violation? Inspection No. Type Inspection Inspector Date Non-Compliance? Action Due By: Routine/Periodic Yes No 2/10/2018 iTM1731139595 11/07/2017 Tony Morales Violations Absent Well Identification Signs (Rule 103) General Housekeeping (Rule 114) **Comments on Inspection:** PJ STAINING AROUND WELL HEAD. OK. All Equipment and Location in Good Shape.

WRONG OPERATOR 19.15.10.8 / 19.15.16.8

30-015-25219-00-00 A-20-19S-31E PARLSEY FEDERAL No.001 *Significant Corrective

Inspection Violation? Inspection No. Type Inspection Inspector Non-Compliance? Action Due By: Date Yes No 2/10/2018 iTM1731134009 11/07/2017 Routine/Periodic **Tony Morales**

Violations

General Housekeeping (Rule 114)

PJ STAINING AROUND WELLHEAD **Comments on Inspection:** OK. All Equipment and Location in Good Shape.

19.15.10.8

J-21-19S-31E **TEXAS CRUDE No.001** 30-015-25245-00-00 *Significant Corrective

Inspection Inspection No. Type Inspection Inspector Violation? Non-Compliance? Action Due By: Date Yes No 2/10/2018 iTM1731137389 11/07/2017 Routine/Periodic **Tony Morales**

Violations

General Housekeeping (Rule 114)

Comments on Inspection: OK. All Equipment and Location in Good Shape. PJ. STAINING AROUND WELL HEAD.

19.15.10.8

TEXAS CRUDE No.002

K-21-19S-31E

30-015-25381-00-00

Inspection Date

Type Inspection

Inspector

Violation?

*Significant Non-Compliance?

Corrective Action Due By:

Inspection No.

11/07/2017 Routine/Periodic Tony Morales

Yes

No

2/10/2018

iTM1731137707

Violations

General Housekeeping (Rule 114)

Comments on Inspection:

OK. All Equipent and Location in Good Shape.

PJ. POWER OFF STAINING AROUND

WELL HEAD. TANK BATTERY NO SECONDARY IMPERMEABLE CONTAINMENT-

BERM NO PLACARD / WINDSOCK 19.15.10.8

LUSK 20 FEDERAL No.001

Type Inspection

Violation?

H-20-19S-31E 30-015-25505-00-00 *Significant Corrective

Inspection No.

Date 11/07/2017

Inspection

Routine/Periodic

Inspector

Non-Compliance?

Action Due By: 2/10/2018

Tony Morales

Yes

No

iTM1731134888

Violations

General Housekeeping (Rule 114)

Comments on Inspection:

OK. All Equipment and Location in Good Shape.

PJO. STAINING AROUND WELL HEAD

AND LOCATION 19.15.10.8

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,

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.