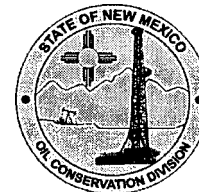


State Of New Mexico Energy, Minerals and Natural Resources Department

Michelle Lujan Grisham
Governor
Sarah Cottrell Propst
Cabinet Secretary
Todd E. Leahy, JD, PhD
Deputy Cabinet Secretary

Adrienne Sandoval
Division Director



"Response Required - Deadline Enclosed"

*Field Inspection Program
"Preserving the Integrity of Our Environment"*

14-Feb-20

Saguaro Petroleum, LLC
1509 W Wall St., Ste. 100
Midland, TX 79701

LETTER OF VIOLATION - Field Inspection

Dear Operator:

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

[30-015-04332] GRAYBURG JACKSON UNIT #001D OGRID: 373933 K-26-17S-30E 1980 FSL 1980 FWL

Inspection Date 1/28/2020	Type Inspection Routine Inspection	Inspector [DRS] Danny Smolik	Corrective Action Due By 4/27/2020	Inspection No. iDRS202837688
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Violations:

Rule	Violation
19.15.16.8 Sign on Wells	Illegible or Unreadable

Comment:
Need new well sign include API number

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