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



Field Inspection Program "Preserving the Integrity of Our Environment"



Grizzly Operating, LLC 5847 San Felipe, Suite 3000 Houston, TX 77057

Dear Operator:

LETTER OF VIOLATION - Field Inspection

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

[30-025-03783] SKELLY Q STATE #003

OGRID: 258350

P-36-16S-36E 330 FSL 330 FEL

Inspection Date Type Inspection Inspector **Corrective Action Due By** Inspection No. iEZB2030348060 10/29/2020 Routine Inspection [EZB] Eugene Bolton 2/16/2021

Violations:

Rule Violation

Substandard Equipment and/or Needs 19.15.10.8 Safety Procedures for Drilling and Production Repair

Comment:

Net for containment of combustible liquids.

19.15.10.8 Safety Procedures for Drilling and Production General Housekeeping Required

Comment:

Remove and properly dispose of excess hydrocarbon soaked ground around wellhead. Complete Form C-141.

Clear weeds.

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, Sincerely,

Compliance Officer, EMNRD-OCD

Hobbs OCD District Office

Note: Information in Detail Section comes directly from field inspector data entries - not all blanks will contain data.

Oil Conservation Division * 1625 N. French Drive * Hobbs, NM 88240 Phone: 575-393-6161 * Fax: 575-393-0720 * www.emnrd.state.nm.us