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"

29-Dec-20

THREE FORKS RESOURCES, LLC

4080 Youngfield Street Wheat Ridge, CO 80033

Dear Operator:

date indicated.

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

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

[30-025-40686] OSO NEGRO #001

OGRID: 258660

C-13-18S-38E 660 FNL 1980 FWL

LETTER OF VIOLATION - Field Inspection

Inspection DateType InspectionInspectorCorrective Action Due ByInspection No.12/18/2020Routine Inspection[EZB] Eugene Bolton3/31/2021iEZB2035345159

Violations:

Rule Violation

19.15.29 Releases

Unauthorized Release

Comment

PJ prod water release up 50 ft radius in 3 directions, topped with gravel around wellhead. 4 discharge lines terminating into an open collecting pit, topped with gravel, also breached berm allowing discharge into surrounding area. Hydrocarbon/prod water release around tanks, topped with gravel.

19.15.16.18 Well and Lease Equipment

Substandard Equipment and/or Needs Repair

Comment:

Verify permitting of 6 discharge lines into 2 open pits. Remove improper equipment configurations. Remove abandoned containers and tub and drum. Label all containers in current use.

19.15.16 Drilling and Production

Noncompliance with Permitting or Registration

Comment:

Last Prod date 7/1/2015

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,

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Eugene Bolton, Compliance Ofc. 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