

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

John H. Bemis
Cabinet Secretary

Brett F. Woods, Ph.D.
Deputy Cabinet Secretary

Jami Bailey
Division Director
Oil Conservation Division



12-Apr-12

HOBBS OCD

APR 12 2012

RECEIVED

LANEXCO INC
PO BOX 2730
MIDLAND TX 79702

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.

INSPECTION DETAIL SECTION

STATE J D COM. No.001

K-29-20S-36E

30-025-24153-00-00

| Inspection Date | Type Inspection | Inspector | Violation? | *Significant Non-Compliance? | Corrective Action Due By: | Inspection No. |
|---|------------------|---------------|------------|------------------------------|---------------------------|----------------|
| 04/11/2012 | Routine/Periodic | Mark Whitaker | Yes | No | 5/31/2012 | iMAW1210236802 |
| Violations | | | | | | |
| Oi RP Absent Well Identification Signs (Rule 103) | | | | | | |

Comments on Inspection: Well sign not legible (Rule 19.15.16 8) NEED TO REPLACE WELL SIGN. 1st notice.

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. Such a hearing may result in imposition of CIVIL PENALTIES for your violation of OCD rules.

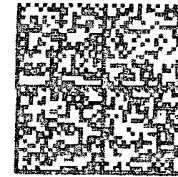
Sincerely,

A handwritten signature in black ink, appearing to read "Mark Whitaker".

COMPLIANCE OFFICER
Hobbs OCD District Office

APR 12 2012

EMNRD
OIL CONSERVATION DIVISION
1625 N FRENCH DRIVE
HOBBS NM 88240



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