



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

Response Required – Deadline Enclosed

*The Department is committed to
ensuring the integrity of the Environment*

15-May-12

SHERIDAN PRODUCTION COMPANY, LLC
9 GREENWAY PLAZA SUITE 1300
HOUSTON TX 77046

HOBBS OCD

MAY 15 2012

RECEIVED

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.

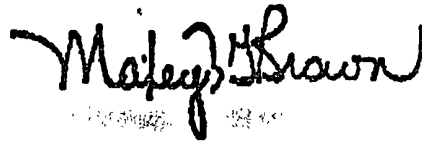
INSPECTION DETAIL SECTION

NORTH VACUUM ABO NORTH UNIT No.001				P-36-16S-34E	30-025-25146-00-00	
Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
05/14/2012	Plugged Well Surface Restor	Maxey Brown	Yes	No	6/17/2012	iMGB1213557787
Comments on Inspection: DO NOT RELEASE. RULE 19.15 25.10. NEED TO MAKE ADDITONS TO P/A MARKER NEED UNIT LETTER OR FOOTAGE NEED TO SUBMIT C-103 SUBSEQUENT FOR PLUGGING ALSO THIS WELL IS IN THE 1 YEAR TIME FRAME FOR CLEANUP AND RELEASE OF LOCAION REMOVE SIGN, MISC JUNK AND FLOWLINE AS INDICATED IN PHOTOS. THIS IS 1ST LETTER OF NON-COMPLIANCE MGB						
NORTH VACUUM ABO NORTH UNIT No.123				O-36-16S-34E	30-025-37018-00-00	
Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
05/14/2012	Routine/Periodic	Maxey Brown	Yes	No	8/17/2012	iMGB1213558245
Violations: Absent Well Identification Signs (Rule 103)						
Comments on Inspection: RULE 19 15 16 8 NEED TO INSTALL WELL SIGN THIS IS 1ST LETTER OF NON-COMPLIANCE MGB						

MAY 15 2012

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.

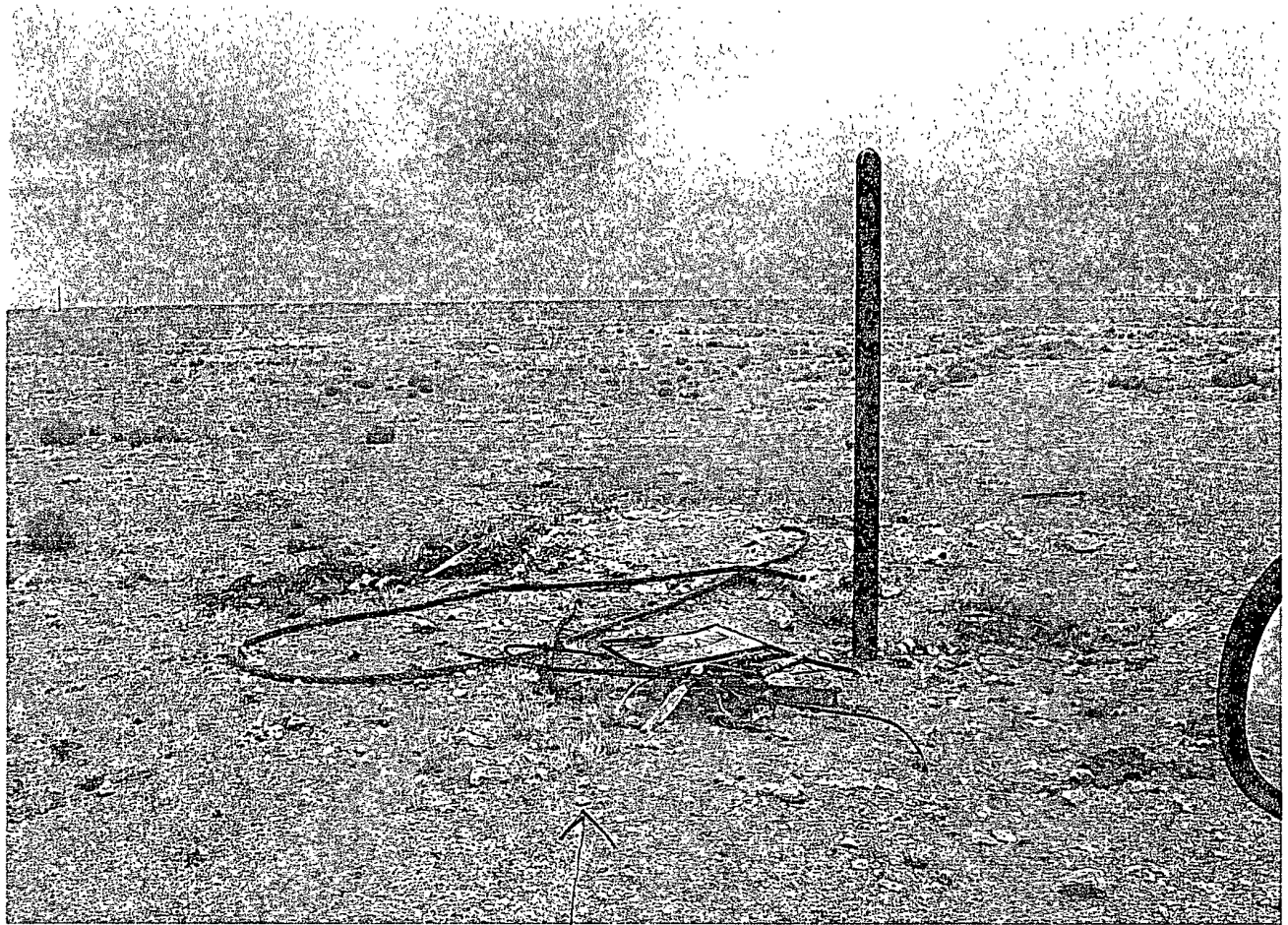
Sincerely,



COMPLIANCE OFFICER

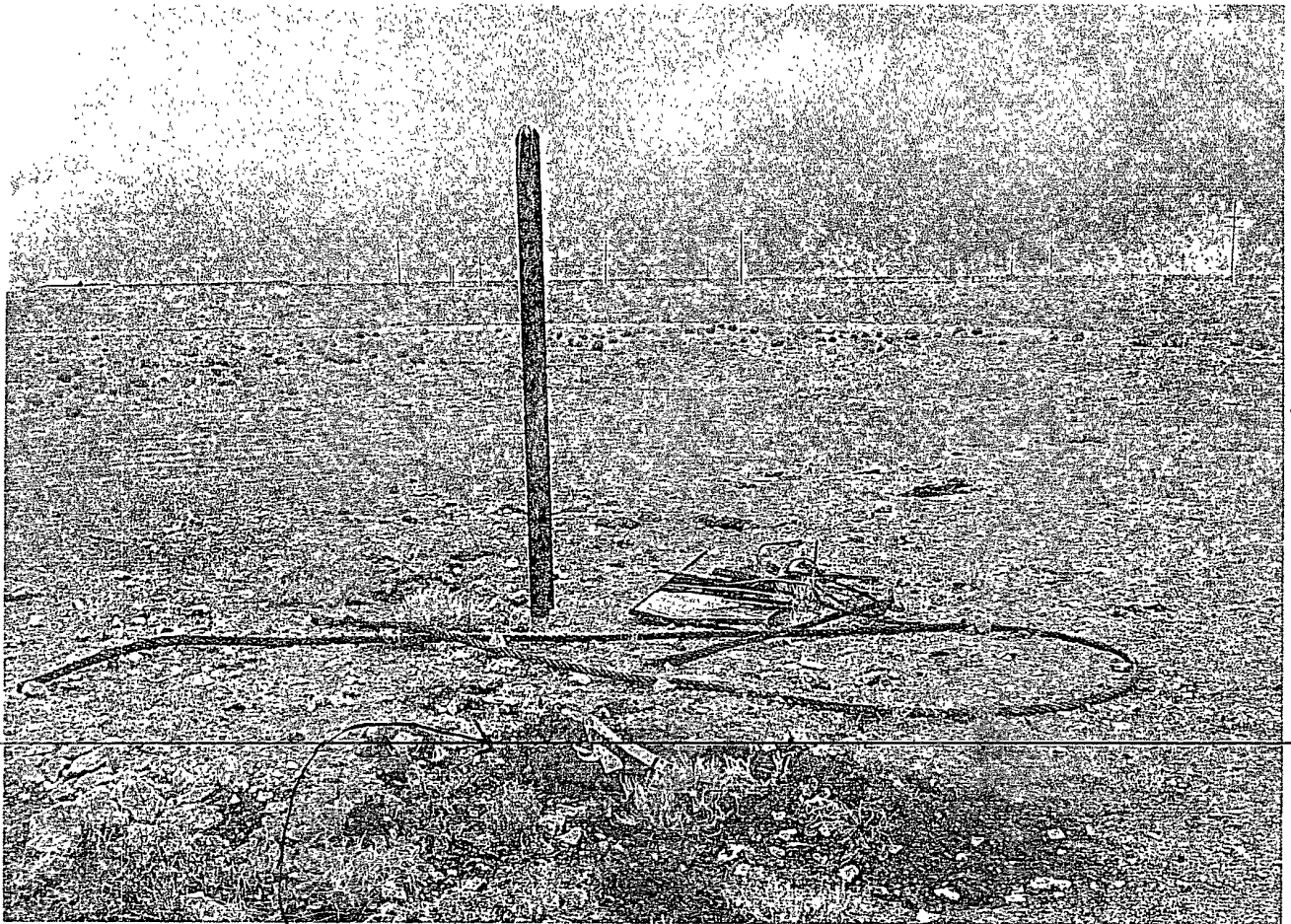
Hobbs OCD District Office

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.



JUNK

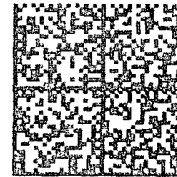
5/14/2012



VALVE ? FLOWLINE

SHEPARD
NVANU 12A #1
RD-075-75146

EMNRD
OIL CONSERVATION DIVISION
1625 N FRENCH DRIVE
HOBBS NM 88240



HASLER 015H14150977
\$0.45
05/15/12
Mailed From 88240

US POSTAGE

SHERIDAN PRODUCTION COMPANY, LLC
9 GREENWAY PLAZA SUITE 1300
HOUSTON TX 77046