



# 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\***

*Field Inspection Program*

*"Preserving the Integrity of Our Environment"*

15-May-12

**HOBBS OCD**

**MAY 15 2012**

**RECEIVED**

**COBALT OPERATING, LLC**  
3001 N BIG SPRING SUITE 207  
MIDLAND TX 79705

## 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

**CONSOLIDATED STATE No.003**

**C-9-17S-37E**

**30-025-29711-00-00**

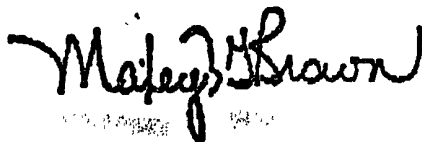
Inspection Date	Type Inspection	Inspector	Violation?	Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
05/14/2012	Routine/Periodic	Maxey Brown	Yes	No	6/17/2012	iMGB1213552089
<b>Violations</b>						
Absent Well Identification Signs (Rule 103)						
Failure to submit proper documentation (Rule 19.15.25.14)						
Unauthorized Injection						

**Comments on Inspection:** NEED TO SHUT IN WELL IMMEDIATELY! DISPOSAL OF FLUIDS WITHOUT SWD PERMIT. NEED TO SUBMIT C-103 SUBSEQUENT WITH WELL BORE DIAGRAM. RULE 19.15.25.14. NEED TO SCHEDULE WITNESSED MIT WITH CHART. RULE 19.15.16.8. NEED TO INSTALL SIGN. INCLUDE CURRENT OPERATOR AND API#. CONTACT MR. E. L. GONZALES, HOBBS DISTRICT 1 SUPERVISOR, 575-393-6161 EXT 114, TO ANSWER ANY QUESTIONS. THIS IS 1ST LETTER OF NON-COMPLIANCE. CALLED JERRAD BURKETT 432 260-1481 ON 5-14-2012 @ 2:56 PM. ADVISED TO SHUT IN WELL. 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.

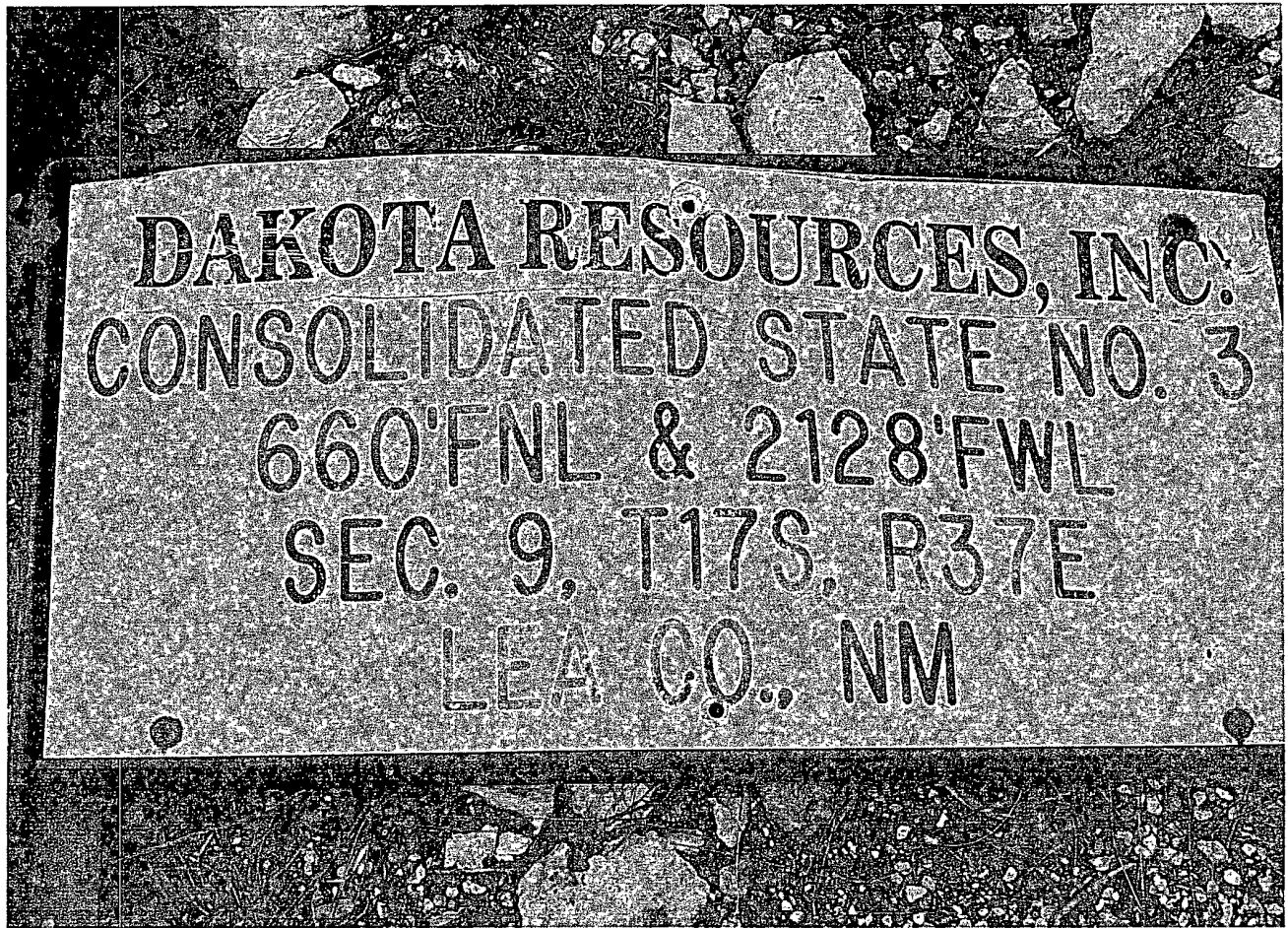
Sincerely,



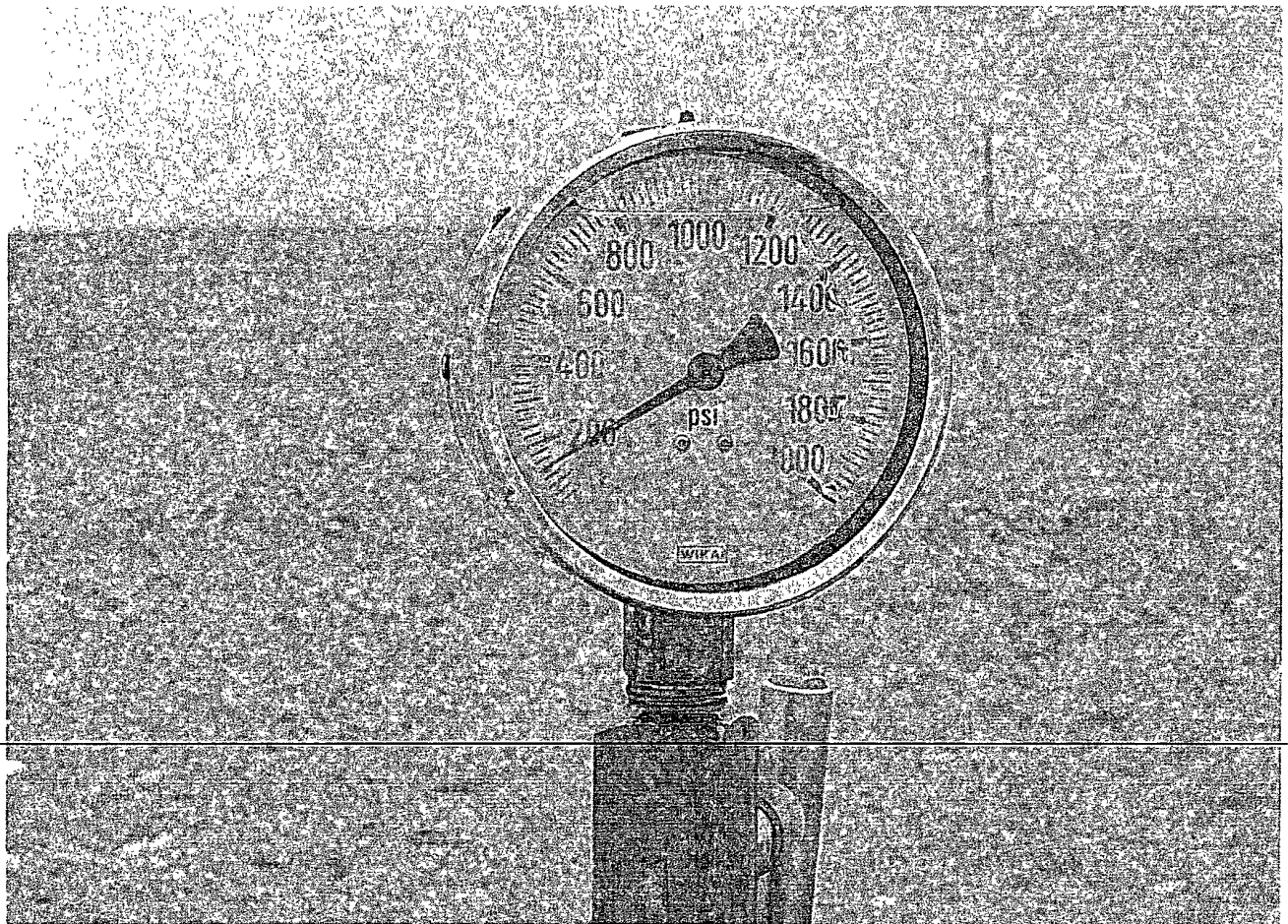
**COMPLIANCE OFFICER**

Hobbs OCD District Office

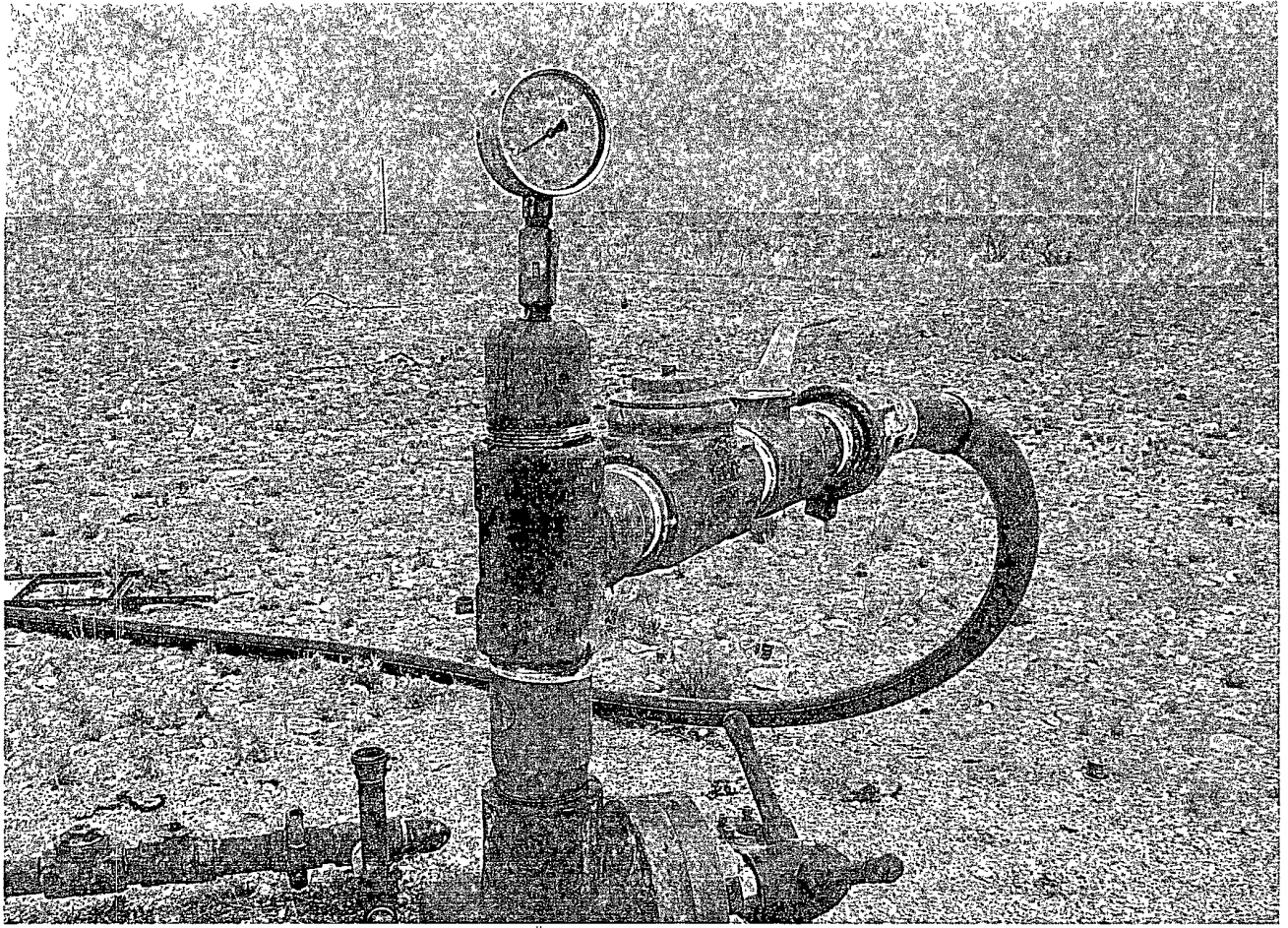
*Note: Information in Detail Section comes directly from field inspector data entries - not all blanks will contain data  
Significant Non-Compliance events are reported directly to the EPA Region VI, Dallas, Texas*



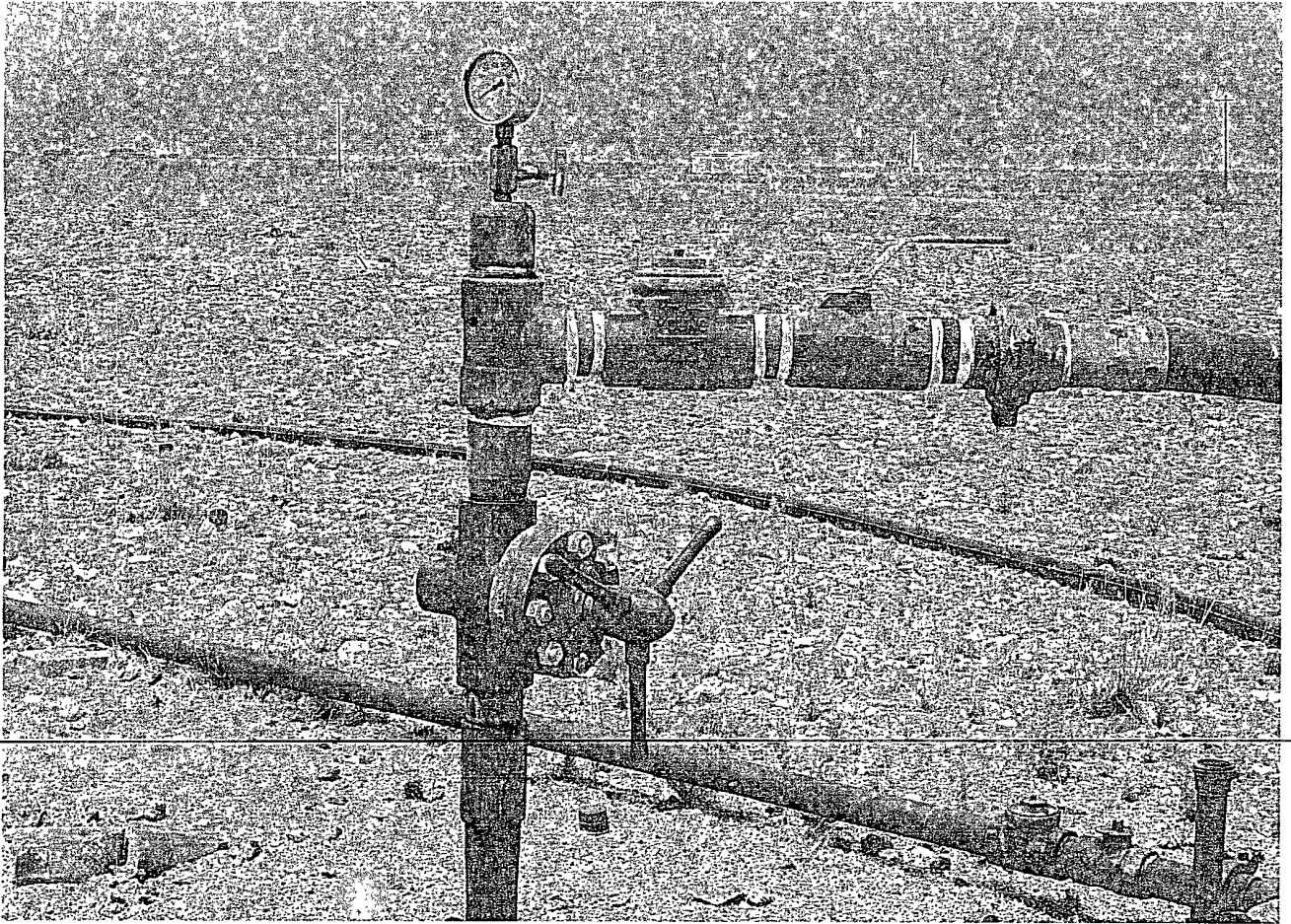
5/14/2012



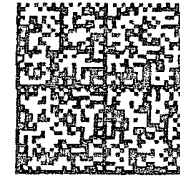




2102/14/12



EMNRD  
OIL CONSERVATION DIVISION  
1625 N FRENCH DRIVE  
HOBBS NM 88240



HASLER	015H14150977	US POSTAGE
	<b>\$0.45</b>	
	05/15/12	
	Mailed From 88240	

COBALT OPERATING, LLC  
3001 N. BIG SPRING SUITE 207  
MIDLAND TX 79705