

# State of New Mexico

## Energy, Minerals and Natural Resources Department

**Susana Martinez**  
Governor

**David Martin**  
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"*

08-Oct-14

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

CERTIFIED MAIL: 7014 1200 0002 1826 6134

**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

| ANGEL No.003  |                            |             |            | F-5-12S-38E                  | 30-025-07133-00-00        |                |  |
|---|----------------------------|-------------|------------|------------------------------|---------------------------|----------------|--|
| Inspection Date   | Type Inspection            | Inspector   | Violation? | *Significant Non-Compliance? | Corrective Action Due By: | Inspection No. |  |
| 10/08/2014  | File and Compliance Review | Maxey Brown | Yes        | No                           | 10/22/2014                | iMGB1428146847 |  |
| <b>Comments on Inspection:</b> RULE 19.15.25.8. THIS WELL HAS EXPIRED T/A STATUS. NO PROD REPORTED IN 284 MONTHS. RETURN WELL TO PRODUCING OR PA WELL. NO ADDITIONAL TA STATUS WILL BE GRANTED. THIS IS FINAL LETTER OF NON-COMPLIANCE. |                            |             |            |                              |                           |                |  |
| ANGEL No.001  |                            |             |            | K-5-12S-38E                  | 30-025-07135-00-00        |                |  |
| Inspection Date   | Type Inspection            | Inspector   | Violation? | *Significant Non-Compliance? | Corrective Action Due By: | Inspection No. |  |
| 10/08/2014  | File and Compliance Review | Maxey Brown | Yes        | No                           | 10/22/2014                | iMGB1428147469 |  |
| <b>Comments on Inspection:</b> RULE 19.15.25.8. THIS WELL HAS BEEN RE-ENTERED. NEED TO PROD OR P/A. THIS IS FINAL LETTER OF NON-COMPLIANCE.   |                            |             |            |                              |                           |                |  |
| ANGEL No.002  |                            |             |            | N-5-12S-38E                  | 30-025-07136-00-00        |                |  |
| Inspection Date   | Type Inspection            | Inspector   | Violation? | *Significant Non-Compliance? | Corrective Action Due By: | Inspection No. |  |
| 10/08/2014  | File and Compliance Review | Maxey Brown | Yes        | No                           | 10/22/2014                | iMGB1428149732 |  |
| <b>Comments on Inspection:</b> RULE 19.15.25.8. NO PRODUCTION REPORTED IN 95 MONTHS. NEED TO PROD OR PA WELL. FINAL NOTICE OF NON-COMPLIANCE.   |                            |             |            |                              |                           |                |  |

OCT 09 2014

**STATE A No.001**

H-5-24S-38E

**30-025-21230-00-00**

| Inspection Date | Type Inspection            | Inspector   | Violation? | *Significant Non-Compliance? | Corrective Action Due By: | Inspection No. |
|-----------------|----------------------------|-------------|------------|------------------------------|---------------------------|----------------|
| 10/08/2014      | File and Compliance Review | Maxey Brown | Yes        | No                           | 10/22/2014                | iMGB1428149946 |

Comments on Inspection: RULE 19.15.25.8. 6 MONTH EXTENSION EXPIRED 10-16-2013. WELL MUST BE PA'D. NO PROD REPORTED IN 224 MONTHS. FINAL NOTICE OF NON-COMPLIANCE.

**STATE A No.002**

C-5-24S-38E

**30-025-21231-00-00**

| Inspection Date | Type Inspection            | Inspector   | Violation? | *Significant Non-Compliance? | Corrective Action Due By: | Inspection No. |
|-----------------|----------------------------|-------------|------------|------------------------------|---------------------------|----------------|
| 10/08/2014      | File and Compliance Review | Maxey Brown | Yes        | No                           | 10/22/2014                | iMGB1428150242 |

Comments on Inspection: RULE 19.15.25.8. 6 MONTH EXTENSION EXPIRED 10/15/2013. NEED TO PA WELL. FINAL NOTICE OF NON-COMPLIANCE.

**STATE 32 No.001**

N-32-23S-38E

**30-025-21476-00-00**

| Inspection Date | Type Inspection            | Inspector   | Violation? | *Significant Non-Compliance? | Corrective Action Due By: | Inspection No. |
|-----------------|----------------------------|-------------|------------|------------------------------|---------------------------|----------------|
| 10/08/2014      | File and Compliance Review | Maxey Brown | Yes        | No                           | 10/22/2014                | iMGB1428150473 |

Comments on Inspection: RULE 19.15.26.12. NO INJECTION REPORTED IN 17 MONTHS. AUTHORITY TO INJECT IS LOST. SUSPEND ALL INJECTIONS AT THIS TIME. CONTACT PHILLIP GOETZE SANTA FE OCD 505-476-3466. RULE 19.15.26.11. NO C-103 SUBSEQUENT FOR WELL WORK ON OR ABOUT 5/7/2014 WAS NOT RECEIVED WHICH WAS TO INCLUDE A PRESSURE TEST CHART. WELL IS TO REMAIN SHUTIN UNTIL WITNESSED CHART TEST IS RAN. THIS IS FINAL NOTICE.

**WARREN No.001**

G-8-17S-37E

**30-025-26323-00-00**

| Inspection Date | Type Inspection            | Inspector   | Violation? | *Significant Non-Compliance? | Corrective Action Due By: | Inspection No. |
|-----------------|----------------------------|-------------|------------|------------------------------|---------------------------|----------------|
| 10/08/2014      | File and Compliance Review | Maxey Brown | Yes        | No                           | 10/22/2014                | iMGB1428152185 |

Comments on Inspection: RULE 19.15.25.10. WELL HAS BEEN PLUGGED AND ABANDONED GREATER THAN 12 MONTHS. NEED TO SUBMIT C-103 SUBSEQUENT FOR INSPECTION OF LOCATION. 1ST LETTER OF NON-COMPLIANCE.

**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. |
|-----------------|----------------------------|-------------|------------|------------------------------|---------------------------|----------------|
| 10/08/2014      | File and Compliance Review | Maxey Brown | Yes        | No                           | 10/22/2014                | iMGB1428152514 |

Comments on Inspection: RULE 19.15.26.11. HAVE NOT RECEIVED C-103 SUBSEQUENT WITH PRESSURE CHART FOR WELL WORK. RULE 19.15.26.12. LAST INJECTION/PRODUCTION REPORTED WAS 34 MONTHS. HAVE NOT RECEIVED C- 104,105. WELL MUST BE SHUT IN PENDING REVIEW FROM SANTA FE. FINAL 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 Divison Examiner in Santa Fe to show cause why you should not be ordered to permanently plug and abandon this well.

Sincerely,



Hobbs OCD District Office

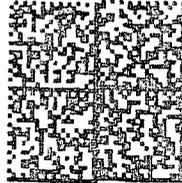
Note: Information in Detail Section comes directly from field inspector data entries - not all blanks will contain data.  
\*Significant Non-Compliance events are reported directly to the EPA, Region VI, Dallas, Texas.

EMNRD  
OIL CONSERVATION DIVISION  
1625 N FRENCH DRIVE  
HOBBS NM 88240

CERTIFIED MAIL™



7014 1200 0002 1826 6134  
7014 1200 0002 1826 6134



015H14150977  
HASLER  
\$6.48  
10/08/14  
Mailed From 88240  
US POSTAGE

U.S. Postal Service™  
**CERTIFIED MAIL™ RECEIPT**  
(Domestic Mail Only; No Insurance Coverage Provided)

For delivery information visit our website at [www.usps.com](http://www.usps.com)

**OFFICIAL USE**

|   |    |
|---|----|
| Postage   | \$ |
| Certified Fee                                     |    |
| Return Receipt Fee<br>(Endorsement Required)      |    |
| Restricted Delivery Fee<br>(Endorsement Required) |    |
| Total Postage & Fees                              | \$ |

Postmark  
Here

Sent To **COBALT OPERATING LLC**  
Street, Apt. No.,  
or PO Box No. **300 N. BIG SPRING SUITE 207**  
City, State, ZIP+4  
**MIDLAND TX 79705**

PS Form 3800, August 2006 See Reverse for Instructions

032

PLACE STICKER AT TOP OF ENVELOPE TO THE RIGHT OF THE RETURN ADDRESS AND MAILING

**SENDER: COMPLETE THIS SECTION**

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

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

2. Article Number (Copy from service)

7014 1200 0002 1826 6134

**COMPLETE THIS SECTION ON DELIVERY**

A. Received by (Please Print Clearly) B. Date of Delivery

C. Signature  Agent  
**X**  Addressee

D. Is delivery address different from item 1?  Yes  
If YES, enter delivery address below:  No

3. Service Type

- Certified Mail  Express Mail
- Registered  Return Receipt for Merchandise
- Insured Mail  C.O.D.

4. Restricted Delivery? (Extra Fee)  Yes

**Certified Mail**

- A mailing receipt
- A unique identifier
- A record of delivery

**Important Reminders**

- Certified Mail is for valuable items.
- NO INSURANCE for an additional fee. To obtain delivery, you must obtain a Receipt (PS Form 3811) and a duplicate return required.
- For an additional fee, you may obtain an addressee's authorized endorsement. If a postmark on the envelope or receipt is not needed, you may use the "No Postmark" endorsement.

**IMPORTANT: Save**

PS Form 3800, August 2000