

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

David Catanach, Director
Oil Conservation Division

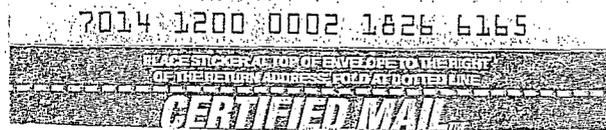


Response Required - Deadline Enclosed

*Field Inspection Program
"Preserving the Integrity of Our Environment"*

26-May-15

JAY MANAGEMENT COMPANY, LLC
2425 WEST LOOP SOUTH STE 810
HOUSTON TX 77027



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.

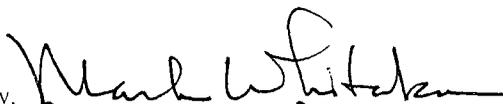
INSPECTION DETAIL SECTION

STATE OG SWD No.002		L-9-11S-33E		30-025-31381-00-00		
Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
05/26/2015	Routine/Periodic Violations Surface Leaks/Spills	Mark Whitaker	Yes	No	6/26/2015	iMAW151465367
Comments on Inspection:		Inspect odor coming from Satellite 1. Northeast tank had run over and several inches of oil were in the dike. No plastic lining visible. Also noted an empty drum floating in oil, oil and chloride staining around dikes, and no netting on southeast tank. NEED TO INSTALL NETTING ON SOUTHEAST TANK. NEED TO REMOVE FREE STANDING FLUIDS FROM DIKE AREA IMMEDIATELY. NEED TO FILE C141 AND PLAN OF REMEDIATION WITH KELLIE JONES IN THE HOBBS DISTRICT OFFICE.				

MAY 27 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,


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.

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:

JAY MANAGEMENT COMPANY, LLC
2425 WEST LOOP SOUTH STE 810
HOUSTON, TX 77027

2. Article Number
(Transfer from service label)

7014 1200 0002 1826 6165

PS Form 3811, July 2013

Domestic Return Receipt

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

Agent

Addressee

B. Received by (Printed Name)

C. Date of Delivery

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

3. Service Type

Certified Mail®

Priority Mail Express™

Registered

Return Receipt for Merchandise

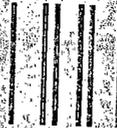
Insured Mail

Collect on Delivery

4. Restricted Delivery? (Extra Fee)

Yes

UNITED STATES POSTAL SERVICE



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USPS
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• Sender: Please print your name, address, and ZIP+4® in this box. •

EMNRD-OIL CONSERVATION DIVISON
ATTENTION: KEITH HERRMANN
1220 SOUTH ST. FRANCIS DRIVE
SANTA FE, NM 87505

EMNRD
OIL CONSERVATION DIVISION
1625 N FRENCH DRIVE
HOBBS NM 88240

JAY MANAGEMENT COMPANY, LLC
2425 WEST LOOP SOUTH
SUITE 810
HOUSTON, TX 77027

PLACE STICKER AT TOP OF ENVELOPE TO THE RIGHT OF THE RETURN ADDRESS. FOLD AT DOTTED LINE.

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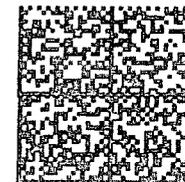
OFFICIAL USE

Postage	\$ 0.49
Certified Fee	3.30
Return Receipt Fee (Endorsement Required)	2.70
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 6.49

Postmark Here

Sent To **JAY MANAGEMENT COMPANY, LLC**
Street, Apt. No. or PO Box No. **2425 WEST LOOP SOUTH STE 810**
City, State, ZIP+4 **HOUSTON TX 77027**

PS Form 3800, August 2006 See Reverse for Instructions



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015H14150977
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05/26/15
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