

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"*

12-Aug-15

SUNDOWN ENERGY LP
16400 DALLAS PARKWAY SUITE 100
DALLAS TX 75248

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

INCREDIBLE HULK 26 STATE COM No.001H				C-26-14S-32E	30-025-39559-00-00
Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By: Inspection No.
08/12/2015	Routine/Periodic	Mark Whitaker	Yes	No	9/11/2015 iMAW1522440738
Violations Absent Well Identification, Signs (Rule 103)					
Comments on Inspection: Operator of record not listed on well sign (Rule 19.15.16.8). NEED TO CORRECT WELL SIGN.					

AUG 18 2015

In the event that a satisfactory response is not received to this letter of direction by the "Repair Due:" date shown above, or if the well(s) are not immediately shut-in, 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,

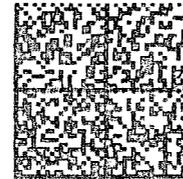

Compliance Officer

Hobbs OCD District Office

Note: Pressure Tests are performed prior to initial injection, after repairs and otherwise, every 5 years; Bradenhead Tests are performed annually. Information in Detail Section comes directly from field inspector data entries - not all blanks will contain data. "Failure Type" and "Failure Cause" and any Comments are not to be interpreted as a diagnosis of the condition of the wellbore. Additional testing should be conducted by the operator to accurately determine the nature of the actual failure. * 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

SUNDOWN ENERGY LP
13455 NOEL RD
SUITE 2000
DALLAS, TX 75240



HASLER

FIRST-CLASS MAIL

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08/13/2015 ZIP 88240
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US POSTAGE