

State of New Mexico  
Energy, Minerals and Natural Resources Department

Susana Martinez  
Governor

Tony Delfin  
Acting Cabinet Secretary

David R. Catanach, Division Director  
Oil Conservation Division



**\*Response Required - Deadline Enclosed\***

03-Nov-16

XOG OPERATING LLC  
1801 W TEXAS  
MIDLAND TX 79701-

RECEIVED  
NOV 03 2016  
HOBBES OCD

**LETTER OF VIOLATION - Inactive Well(s)**

Dear Operator:

A review of our records and recent inspection(s) indicate that the subject well(s) has been shut-in for an extended period of time. Rule 201 of the Rules and Regulation of the Oil Conservation Division provides that a well may be shut-in no longer than sixty days after suspension of drilling operations, upon determining that the well is no longer usable (e.g., a dry hole), or one year after last production. To comply with guidelines as established in the Rules and Regulations, corrective actions must be taken immediately and the well(s) brought into compliance.

The detail section below indicates preliminary findings and/or probable nature of the violation.

The following options are available:

1. Immediately restore the well(s) to production, injection or disposal as applicable.
2. Request 'Temporary Abandoned' status pursuant to Rule 203, which requires that you set a plug and conduct a mechanical integrity test.
3. Submit a proposal to 'Plug and Abandon' the well(s) pursuant to Rule 202, proceed with plugging procedures on a timely basis after the proposal has been evaluated, amended and/or approved.

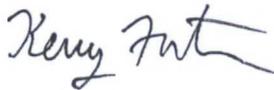
In the event that a satisfactory response is not received to this letter of direction by the "Corrective Action Due By:" date shown above, further enforcement will occur. Such enforcement may include this office applying to the Division for an order summoning you to a hearing before a Division Examiner 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.

**IDLE WELL INSPECTION DETAIL SECTION**

<b>GENESIS STATE 003</b>	I-18-20S-36E	30-025-34664-00-00	Inspection No. iKF1630636732
Inspection Date:	11/1/2016 10:11:45 AM	Corrective Action Due by: <b>2/4/2017</b>	
Type Inspection	Inspector	Violation?	*Significant Non-Compliance?
MIT Witnessed - Other	Kerry Fortner	Yes	No
Comments on Inspection:	MIT/BHT-OK Pate Trucking (Doug), 1000# spring, Ser#G2619, Cal 10/27/16. Post Workover. Lost authority to inject will have to leave well shut in until authority approved. Rule #19.15.26.12 Left chart with Larry.		

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,



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  
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HOBBBS NM 88240

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MIDLAND, TX 79701



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