

State of New Mexico  
Energy, Minerals and Natural Resources Department

**Susana Martinez**  
Governor  
**Ken McQueen**  
Cabinet Secretary  
**Matthias Sayer**  
Deputy Cabinet Secretary

**David Catanach**  
Division Director



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

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

04-Oct-17

**GRAND BANKS ENERGY CO**  
10 DESTA DR STE 300E  
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***

<b>RANCHO VERDE 10 STATE No.002</b>		<b>E-10-16S-32E</b>		<b>30-025-34725-00-00</b>		
<b>Inspection Date</b>	<b>Type Inspection</b>	<b>Inspector</b>	<b>Violation?</b>	<b>*Significant Non-Compliance?</b>	<b>Corrective Action Due By:</b>	<b>Inspection No.</b>
10/04/2017	Routine/Periodic	Mark Whitaker	Yes	No	1/7/2018	iMAW1727758892
<b>Violations</b>						
Absent Well Identification Signs (Rule 103)						
Idle well (Rule 201)						
<b>Comments on Inspection:</b> Well sign incorrect (Rule 19.15.16.8). Operator has 90 days after change of ownership to replace well signs. No production reported in over 21 months (Rule 19.15.25.8). NEED TO REPLACE WELL SIGN. NEED TO PLACE WELL ON PRODUCTION, REQUEST APPROVAL FOR TEMPORARY ABANDONMENT, OR PLUG & ABANDON. 1ST 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 Division Examiner in Santa Fe to show cause why you should not be ordered to permanently plug and abandon this well.

Sincerely,  P.E.S.

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



HASLER  
FIRST-CLASS MAIL  
**\$000.46<sup>0</sup>**  
10/04/2017 ZIP 88240  
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US POSTAGE

GRAND BANKS ENERGY CO  
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MIDLAND, TX 79705