State of New Mexico Energy, Minerals and Natural Resources Department

Susana Martinez

Governor

Ken McQueen

Cabinet Secretary

Matthias Sayer

Deputy Cabinet Secretary

Heather Riley

Division Director

Response Required - Deadline Enclosed

Field Inspection Program "Preserving the Integrity of Our Environment"

28-Mar-18

HOBBS OCD RECEIVED

VANGUARD OPERATING, LLC

5847 San Felipe, Suite 3000 Houston TX 77057-7057

Dear Operator:

LETTER OF VIOLATION - Inspection

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

R E COLE NCT A No.006

B-16-22S-37E

30-025-10319-00-00

Inspection

Type Inspection Date

Inspector

*Significant Violation?

Corrective

03/28/2018

Routine/Periodic

Mark Whitaker

Yes

Non-Compliance? No

Action Due By: 7/1/2018

Inspection No. iMAW1808746056

Violations

Absent Well Identification Signs (Rule 103)

Comments on Inspection:

No well sign (Rule 19.15.16.8). NEED TO INSTALL WELL SIGN.

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, Mal Whitaken, 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



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