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

"Preverving the Integrity of Our Environment"

17-Jul-18

HOBBS OCD

JUL 17 2018

OXY USA INC

PO Box 4294

Houston TX 77210-7210

RECEIVED

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

ESTACADO 27 STATE No.003 F-27-14S-34E 30-025-33923-00-00 Inspection *Significant Corrective **Type Inspection** Inspector Violation? Inspection No. Date Non-Compliance? Action Due By: Routine/Periodic Mark Whitaker 8/17/2018 iMAW1819344712 07/12/2018 Yes No Violations Surface Damage/Restoration Comments on Inspection:

Rule Violation 19.15.25.10. Rule requires restoration be completed within 1 year of final plugging.

Well plugged October of 2015. P&A marker good. Pile of caliche on location. NEED TO

REMOVE CALICHE. 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 Divison Examiner in Santa Fe to show cause why you should not be ordered to permanently plug and abandon this well.

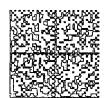
Sincerely, Waller P.E.S.

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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