

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"

18-Jul-18

HOBBS OCD

JUL 19 2018

RECEIVED

OXY USA INC
PO Box 4294
Houston TX 77210-7210

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

KELLY STATE No.003				M-16-23S-37E	30-025-10742-00-00		
Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.	
07/18/2018	Routine/Periodic	Mark Whitaker	Yes	No	8/31/2018	iMAW1819857156	
Violations		Surface Damage/Restoration					
Comments on Inspection:		Rule violation (Rule 19.15.25.10). Rule requires restoration be completed within 1 year of final plugging. Well plugged 07/2011. YOUR IMMEDIATE ATTENTION IS REQUESTED. 2ND NOTICE.					
KELLY STATE No.001				K-16-23S-37E	30-025-10743-00-00		
Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.	
07/17/2018	Routine/Periodic	Mark Whitaker	Yes	No	8/31/2018	iMAW1819857436	
Violations		Surface Damage/Restoration					
Comments on Inspection:		Rule violation (Rule 19.15.25.10). Rule requires restoration be completed within 1 year of final plugging. Well plugged 06/2011. YOUR IMMEDIATE ATTENTION IS REQUESTED. 2ND NOTICE.					

KELLY STATE No.002

L-16-23S-37E

30-025-10744-00-00

Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
07/17/2018	Routine/Periodic Violations Surface Damage/Restoration	Mark Whitaker	Yes	No	8/31/2018	iMAW1819857463

Comments on Inspection: Rule violation (Rule 19.15.25.10). Rule requires restoration be completed within 1 year of final plugging. Well plugged 04/2011. YOUR IMMEDIATE ATTENTION IS REQUESTED. 2ND NOTICE.

KELLY STATE No.004

N-16-23S-37E

30-025-10745-00-00

Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
07/17/2018	Routine/Periodic Violations Surface Damage/Restoration	Mark Whitaker	Yes	No	8/31/2018	iMAW1819857483

Comments on Inspection: Rule violation (Rule 19.15.25.10). Rule requires restoration be completed within 1 year of final plugging. Well plugged 07/2011. YOUR IMMEDIATE ATTENTION IS REQUESTED. 2ND 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.

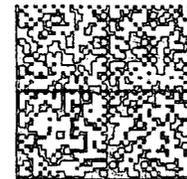
Sincerely,  Mark Whitaker, P.E.S.

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.

All wells on lease have been plugged. Final restoration requires that any infrastructure associated with these wells be removed including flowlines, power poles, gas meters, concrete bases, production equipment, and the like.

**EMNRD
OIL CONSERVATION DIVISION
1625 N FRENCH DRIVE
HOBBS NM 88240**



HASLER
FIRST-CLASS MAIL
\$000.47⁰
07/19/2018 ZIP 88240
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HOUSTON, TX 77210**