

State Of New Mexico

Energy, Minerals and Natural Resources Department

Michelle Lujan Grisham
 Govenor
Sarah Cottrell Propst
 Cabinet Secretary
Todd Leahy
 Deputy Cabinet Secretary

Gabriel Wade
 Division Director



"Response Required - Deadline Enclosed"

Field Inspection Program
"Preserving the Integrity of Our Environment"

17-Jan-19

OCCIDENTAL PERMIAN LTD
 P.O. Box 4294
 Houston, TX 77210-4294

LETTER OF VIOLATION - Field Inspection

Dear Operator:

The following inspection indicates that the well, equipment, location or operational status of the well 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 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

[30-025-07618] SOUTH HOBBS G/SA UNIT #052

OGRID: 157984

P-05-19S-38E 330 FSL 330 FEL

| Inspection Date | Type Inspection | Inspector | Corrective Action Due By | Inspection No. |
|-----------------|--------------------|--------------------|--------------------------|----------------|
| 1/15/2019 | Routine Inspection | [GR] Gary Robinson | 4/15/2019 | iGR191542741 |

Violations:

| Rule | Violation | Comment |
|-------------------|---------------------------------------|---|
| 19.15 Oil and Gas | Mechanical Integrity Failure Recorded | Auto Generated Violation - MIT Failure exits. |

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,

Hobbs OCD District Office

Note: Information in Detail Section comes directly from field inspector data entries - not all blanks will contain data.

State of New Mexico
 Energy, Minerals and Natural Resources Department
 Oil Conservation Division Hobbs District Office

BRADENHEAD TEST REPORT

| | |
|-----------------------------------|----------------------------|
| Operator Name <i>Oxy</i> | Well No. 30-025-07618 ✓ |
| Property Name SOUTH HOBBS UNIT | Well ID. 052 ✓ |

Surface Location

| | | | | | | | | |
|----------------|--------------|-----------------|--------------|------------------|---------------|------------------|---------------|-----------------|
| U/L - Loc P | Section 5 | Township 19S | Range 38E | Feet from 330 | N/S Line S | Feet from 330 | E/W Line E | County LEA ✓ |
|----------------|--------------|-----------------|--------------|------------------|---------------|------------------|---------------|-----------------|

Well Status

| | | | | | | | | |
|-------|-----------------|----------------|----|-----------------|----|-----------------|-----|-------------------|
| YIELD | TAID WELL NO | SHUT-IN YES | NO | INJECTION NO | NO | PRODUCER OIL | GAS | DATE 1-15-19 ✓ |
|-------|-----------------|----------------|----|-----------------|----|-----------------|-----|-------------------|

OBSERVED DATA

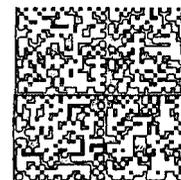
| | (A) Surface | (B) Interm(1) | (C) Interm(2) | (D) Prod Case | (E) Tubing |
|----------------------|-------------|---------------|---------------|---------------|------------|
| Pressure | 0 | N/A | N/A | 0 | NONE |
| Flow Characteristics | | | | | |
| Puff | Y/N | Y/N | Y/N | Y/N | CO2 ✓ |
| Steady Flow | Y/N | Y/N | Y/N | Y/N | YES |
| Surges | Y/N | Y/N | Y/N | Y/N | NO |
| Drawn to nothing | Y/N | Y/N | Y/N | Y/N | NO |
| Gas or Oil | Y/N | Y/N | Y/N | Y/N | NO |
| Water | Y/N | Y/N | Y/N | Y/N | NO |

Remarks - Please state for each string (A, B, C, D, E) pertinent information regarding bleed down or continuous build up if applicable.

Failed T/A TEST - Lost ~~10~~¹⁰ # in 32 min.
 580# to 520 #
 Chart is in well file.

| | |
|------------------------------|-------------------------------|
| Signature: | OIL CONSERVATION DIVISION |
| Printed name: | Entered into FELMIS <i>AK</i> |
| Title: | Re-test |
| E-mail Address: | |
| Date: | |
| Phone: | |
| Whoever: <i>Gray Holmson</i> | |

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



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