

State Of New Mexico

Energy, Minerals and Natural Resources Department

Michelle Lujan Grisham
Governor
Sarah Cottrell Propst
Cabinet Secretary
Todd E. Leahy, JD, PhD
Deputy Cabinet Secretary

Adrienne Sandoval
Division Director



"Response Required - Deadline Enclosed"

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

18-Sep-19

JAY MANAGEMENT COMPANY, LLC
11767 Katy Fwy
Suite 711
Houston, TX 77079-1715

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

[30-025-29110] TOWNSEND STATE #001

OGRID: 247692

J-03-16S-35E 3806 FNL 2193 FEL

Inspection Date 9/18/2019	Type Inspection Routine Inspection	Inspector [KF] Kerry Fortner	Corrective Action Due By 12/17/2019	Inspection No. iKF1926126066
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Violations:

Rule 19.15.26 Injection	Violation Detection of Deficient Mechanical Integrity
Comment: MIT/BHT Failed Production casing communicating with Surface casing	
19.15 Oil and Gas	Mechanical Integrity Failure Recorded
Comment: 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.

Oil Conservation Division * 1625 N. French Drive * Hobbs, NM 88240
Phone: 575-393-6161 * Fax: 575-393-0720 * www.emnrd.state.nm.us

District I
 1625 N. French Dr., Hobbs, NM 88240
 Phone: (575) 393-6161 Fax: (575) 393-0720

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

BRADENHEAD TEST REPORT

JAY MANAGEMENT		Operator Name	API Number 30-025-29110-00-00
TOWNSEND STATE			Property Name
			Well No. 001

7. Surface Location

UL - Lot J	Section 3	Township 16-S	Range 35-E	Feet from 3806	N/S Line N	Feet From 2193	E/W Line E	County LEA
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Well Status

TA'D Well	SHUT-IN	INJECTOR	PRODUCER	DATE
YES NO	YES NO	INJ SWD	OIL GAS	9/16/19

OBSERVED DATA

	(A)Surf-Interm	(B)Interm(1)	(C)Interm(2)	(D)Prod Csng	(E)Tubing
Pressure					
Flow Characteristics					
Puff	Y / N	Y / N	Y / N	Y / N	CO2 _____
Steady Flow	Y / N	Y / N	Y / N	Y / N	WTR _____
Surges	Y / N	Y / N	Y / N	Y / N	GAS _____
Down to nothing	Y / N	Y / N	Y / N	Y / N	If applicable type
Gas or Oil	Y / N	Y / N	Y / N	Y / N	fluid injected for
Water	Y / N	Y / N	Y / N	Y / N	Waterflood

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

MIT TEST

Basic Energy
 ser# DCM 99
 cal 9-13-19

Failed

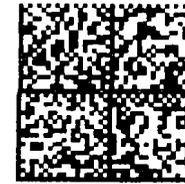
*Casing Production +
 Surface*

communicated

Signature:	OIL CONSERVATION DIVISION	
Printed name:	Entered into RBDMS	
Title:	Re-test	
E-mail Address:		
Date: 9/16/19	Phone:	
	Witness: KERRY FORTNER-OCD	

575-399-3221

EMNRD
OIL CONSERVATION DIVISION
1625 N FRENCH DRIVE
HOBBS NM 88240



NEOPOST
FIRST-CLASS MAIL

\$000.50⁰

09/18/2019 ZIP 88240
042L14818194

US POSTAGE

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SUITE 711
HOUSTON, TX 77079-1715