

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

David Martin
Cabinet Secretary

Tony Delfin
Deputy Cabinet Secretary

David R. Catanach, Division Director
Oil Conservation Division



June 21, 2016

MCKAY OIL CORP
OGRID #14424
One McKay Place
P.O. Box 2014
Roswell, NM 88202

OCD Case No. 15589
Application for Compliance Order Against McKay Oil Corp.,
OGRID 14424
OCD Exhibit 3: Notifications of Violations Sent
Page 1 of 14

Re: 19.15.5.9 NMAC Compliance

Dear Operator:

The Oil Conservation Division (OCD) is conducting ongoing review of all operators' compliance status with Subsection A of 19.15.5.9 NMAC. According to OCD records, your company is not in compliance with Subsection A of 19.15.5.9 NMAC for the following reasons:

 Financial assurance. Your company is in violation of the financial assurance requirements for well plugging set out in 19.15.8.9 NMAC. Specifically, your company has not posted the required financial assurance required for state or fee wells which have been inactive for more than two years. The wells requiring single-well financial assurances are identified in the attached sheet.

 Corrective action. Order , issued on , found your company to be in violation of an order requiring corrective action.

 X Inactive wells. According to the attached inactive well list, your company has too many wells in violation of 19.15.25.8 NMAC (the inactive well rule) that are not subject to an inactive well agreed compliance order. As an operator of 22 wells, your company may have no more than 2 wells in violation of the inactive well rule. Your company has 19 wells in violation of the inactive well rule.

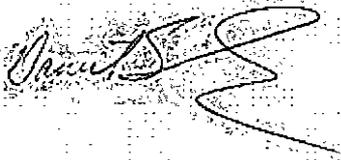
Non-compliance with 19.15.5.9 NMAC will prevent your company from acquiring any new wells, acquiring approval of exploration and development plans, receiving new allowables, and obtaining drilling, injection, and other OCD issued permits, and potentially expose your company to additional compliance actions including an OCD order requiring compliance, and revocation of injection permits. As the operator of a non 19.15.5.9 NMAC compliant company, you will not be permitted to register any additional companies to operate in New Mexico or have any interest exceeding 25 percent in any other companies in New Mexico.

January 4, 2017

Page 2

The OCD is requesting that you review the OCD's online database for your specific Oil and Gas Registration Identification (OGRID) number and notify the OCD how your company plans to return to compliance with 19.15.5.9 NMAC. This is an opportunity for your company to work with the OCD toward achieving its goal of maintaining compliance with the rules of the State of New Mexico. Please respond to the OCD within 30 days of receipt of this letter. If no response is received the OCD may begin formal compliance action.

Respectfully yours,



Daniel Sanchez,
Compliance and Enforcement Manager
(505)476-3493
Daniel.sanchez@state.nm.us

Ec: David R. Catanach, Division Director
Maxey Brown, District 1 Supervisor
Charlie Perrin, District 3 Supervisor
Randolph Bayliss, District 2 Supervisor
Will Jones, District 4 Supervisor
Keith Herrmann, Attorney, Santa Fe

OCD Case No. 15589
Application for Compliance Order Against McKay Oil Corp.,
OGRID 14424
OCD Exhibit 3: Notifications of Violations Sent
Page 2 of 14

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

David Martin
Cabinet Secretary

Tony Delfin
Deputy Cabinet Secretary
May 25, 2016

McKay Oil Corp
P.O. Box 2014
Roswell, NM 88202

David R. Catanach, Division Director
Oil Conservation Division



OCD Case No: 15589
Application for Compliance Order Against McKay Oil Corp.,
OGRID 14424
OCD Exhibit 3: Notifications of Violations Sent
Page 3 of 14

Notice of Violation

Dear McKay Oil Corp,

Pursuant to 19.15.8.9 NMAC, a operator is required to furnish a financial assurance acceptable to the Oil Conservation Division ("OCD") in the form of an irrevocable letter of credit, plugging insurance policy, or cash or surety bond running to the state of New Mexico conditioned that the well be plugged and abandoned and the location restored and remediated in compliance with division rules. According to OCD records, McKay Oil Corp is the operator of record of the attached list of wells that require additional financial assurance.

Failure to provide the OCD with acceptable financial assurance is a violation of OCD rules and the Oil and Gas Act, NMSA 1978 § 70-2 *et. seq.*, and could be punishable by a fine of not more than one thousand dollars (\$1,000) per day for each violation. NMSA 1978 § 70-2-31.

Please review 19.15.8 NMAC to determine the types and amounts of financial assurance that the OCD accepts. Immediate action is now required. If no response is received within 30 days, the OCD will take further compliance action against McKay Oil Corp, including, but not limited to, seeking a formal order to require McKay Oil Corp to provide acceptable financial assurance for the its wells at an OCD hearing and pursuing other legal available remedies to obtain compliance.

If you have any questions regarding the contents of this letter, please contact the OCD Compliance and Enforcement manager, Denise Gallegos at (505) 476-3453 to schedule a compliance conference to discuss the outstanding compliance issues.

Sincerely,

A handwritten signature in black ink, appearing to read "Daniel Sanchez", is written over a horizontal line.

Daniel Sanchez
OCD Compliance and Enforcement Manager, UIC Program Director
Daniel.Sanchez@state.nm.us

EC: Keith Herrmann, ENMRD Assistant General Counsel
Encl: Additional Financial Assurance Report

Inactive Well Additional Financial Assurance Report

14424 MCKAY OIL CORP

Total Well Count: 22

Printed On: Wednesday, May 25 2016

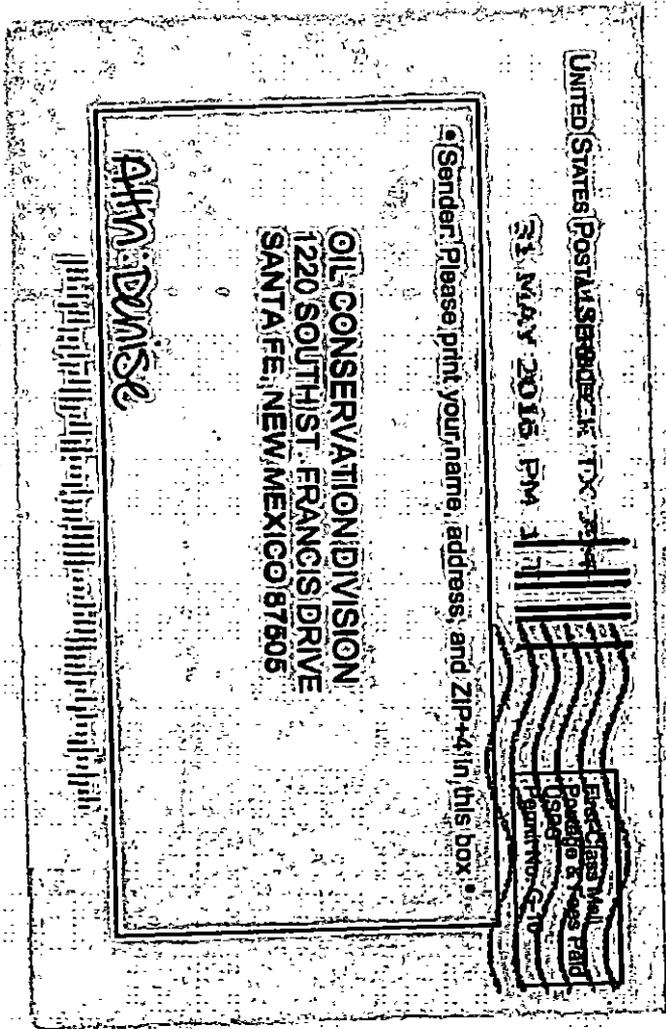
Property	Well Name	Lease Type	ULSTR	OCD Unit Letter	API	Well Type	Last Prod/Dy	Inactive Additional Bond Due	Measured Depth	Required Bond Amount	Bond Required Now	Covered By Blended TA Bond	Bond In Place	In Violation
6672	ANTELOPE FEDERAL #001	F	E-29-04S-22E	E	30-005-61681	G	02/2015		Unknown				0	
	ANTELOPE FEDERAL #002	F	J-29-04S-22E	J	30-005-61766	G	02/2015		Unknown				0	
	ANTELOPE FEDERAL #003	F	M-29-04S-22E	M	30-005-61774	G	02/2015		Unknown				0	
6674	BONNIE #001	P	O-30-05S-22E	O	30-005-62551	G	01/1994	02/01/1996	4296	9296	Y		9296	
24146	CAMP STATE #001	S	J-25-05S-22E		30-005-61446	G			3650				0	
6683	FIVE MILE TANK FEDERAL #002	F	J-09-08S-23E	J	30-005-61403	G	08/2002		3751				0	
6687	HUSKY-MCKAY #001	F	O-18-08S-26E	O	30-005-61616	G	02/2006		Unknown				0	
6688	INEXCO FEDERAL #002	F	J-25-05S-21E	J	30-005-62389	G	03/2009		Unknown				0	
	INEXCO FEDERAL #004	F	2-30-05S-22E	E	30-005-62382	G	04/2012		4255				0	
	INEXCO FEDERAL #005	F	A-25-05S-21E	A	30-005-63601	G	08/2012		4295				0	
	INEXCO FEDERAL #006	F	4-19-05S-22E	4	30-005-63740	G	05/2009		4260				0	
6690	JERRY DON FEDERAL #001	F	A-24-04S-21E	A	30-005-62221	G	11/2010		Unknown				0	
37428	LOOKOUT D FEDERAL #008	F	B-09-06S-22E	B	30-005-64062	G			Unknown				0	
35183	MCKAY B FEDERAL #004	F	H-33-05S-21E		30-005-64082	G	04/2012		2800				0	
26569	MCKAY BERRENDO #001Y	P	I-02-10S-24E	I	30-005-62161	G	08/2011	09/01/2013	4010	9010	Y		0	Y
6705	PRONGHORN FEDERAL #001	F	A-30-04S-22E	A	30-005-62204	G	04/2011		Unknown				0	
17135	RUGGED FEDERAL #001	F	C-23-05S-21E		30-005-62851	G	02/2009		4260				0	
6713	WEST FORK UNIT #001	S	C-32-04S-22E	C	30-005-62625	G	11/2003	12/01/2005	4578	9578	Y		9578	
	WEST FORK UNIT #002	F	4-07-05S-22E	M	30-005-62482	G	03/2009		4343				0	
	WEST FORK UNIT #004	S	K-32-04S-22E	K	30-005-62821	G	07/2012	08/01/2014	3400	8400	Y		0	Y
17022	WEST MCKAY HARVEY FEDERAL A #001	F	B-26-08S-23E	B	30-005-62189	G	02/1997		3500				0	
6715	WOOLWORTH RANCH UNIT #001	F	J-04-24S-35E	J	30-025-26180	G	02/2016		14340				0	

WHERE Ogrid:14424

OCD Case No. 15589
Application for Compliance Order Against McKay Oil Corp.,
OGRID 14424
OCD Exhibit 3: Notifications of Violations Sent
Page 4 of 14

OCD Case No. 15589
 Application for Compliance Order Against McKay Oil Corp.,
 OGRID 14424
 OCD Exhibit 3: Notifications of Violations Sent
 Page 5 of 14

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY	
<ul style="list-style-type: none"> <input checked="" type="checkbox"/> Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired. <input checked="" type="checkbox"/> Print your name and address on the reverse so that we can return the card to you. <input checked="" type="checkbox"/> Attach this card to the back of the mailpiece, or on the front if space permits. 	A. Signature <input checked="" type="checkbox"/> Agent <input checked="" type="checkbox"/> Addressee	
1. Article Addressed to: <p style="font-size: 1.2em; font-family: cursive;">McKay Oil Corp PO Box 2014 Roswell, NY 10882</p>	B. Received by (Printed Name) <p style="font-size: 1.2em; font-family: cursive;">Res. McKay</p>	C. Date of Delivery <p style="font-size: 1.2em; font-family: cursive;">5-31-10</p>
2. Article Number <small>(Transfer from service label)</small>	D. Is delivery address different from item 1? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No. <small>Enter delivery address below:</small> 	
PS Form 3811, February 2004	3. Service Type <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Registered <input type="checkbox"/> Insured Mail <input type="checkbox"/> Express Mail <input checked="" type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> C.O.D.	4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes
		
Domestic Return Receipt 102595-02-M-1640		



OCD Case No. 15589
Application for Compliance Order Against McKay Oil Corp.,
OGRID:14424
OCD Exhibit 3: Notifications of Violations Sent
Page 6 of 14

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

David Martin
Cabinet Secretary

Tony Delfin
Deputy Cabinet Secretary
May 18, 2016

David R. Catanach, Division Director
Oil Conservation Division



McKay Oil Corp
P.O. Box 2014
Roswell, NM 88202

OCD Case No. 15589
Application for Compliance Order Against McKay Oil Corp.,
OGRID 14424
OCD Exhibit 3: Notifications of Violations Sent
Page 7 of 14

Notice of Violation

Dear McKay Oil Corp,

Pursuant to 19.15.8.9 NMAC, a operator is required to furnish a financial assurance acceptable to the Oil Conservation Division ("OCD") in the form of an irrevocable letter of credit, plugging insurance policy, or cash or surety bond running to the state of New Mexico conditioned that the well be plugged and abandoned and the location restored and remediated in compliance with division rules. According to OCD records, McKay Oil Corp is the operator of record of the attached list of wells that require additional financial assurance.

Failure to provide the OCD with acceptable financial assurance is a violation of OCD rules and the Oil and Gas Act, NMSA 1978 § 70-2 *et. seq.*, and could be punishable by a fine of not more than one thousand dollars (\$1,000) per day for each violation. NMSA 1978 § 70-2-31.

Please review 19.15.8 NMAC to determine the types and amounts of financial assurance that the OCD accepts. Immediate action is now required. If no response is received within 30 days, the OCD will take further compliance action against McKay Oil Corp, including, but not limited to, seeking a formal order to require McKay Oil Corp to provide acceptable financial assurance for the its wells at an OCD hearing and pursuing other legal available remedies to obtain compliance.

If you have any questions regarding the contents of this letter, please contact the OCD Compliance and Enforcement manager, Denise Gallegos at (505) 476-3453 to schedule a compliance conference to discuss the outstanding compliance issues.

Sincerely,

A handwritten signature in black ink, appearing to read "Daniel Sanchez", is written over a vertical line that extends from the "Sincerely," text.

Daniel Sanchez
OCD Compliance and Enforcement Manager, UIC Program Director
Daniel.Sanchez@state.nm.us

EC: Keith Herrmann, ENMRD Assistant General Counsel
Encl: Additional Financial Assurance Report

OCD Case No. 15589

Application for Compliance Order Against McKay Oil Corp.,

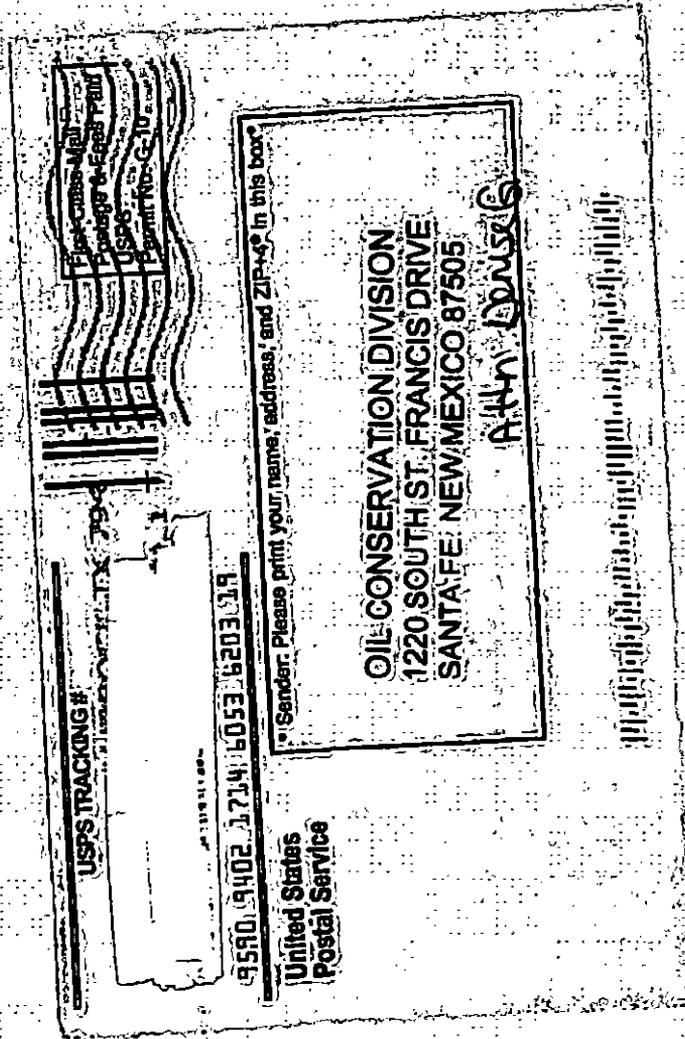
OGRID 14424

OCD Exhibit 3: Notifications of Violations Sent

Page 8 of 14

SENDER COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
<p><input type="checkbox"/> Complete items 1, 2, and 3. <input type="checkbox"/> Print your name and address on the reverse so that we can return the card to you. <input type="checkbox"/> Attach this card to the back of the mailpiece, or on the front if space permits.</p>	<p>A. Signature <input checked="" type="checkbox"/> <i>[Signature]</i> <input type="checkbox"/> Agent <input checked="" type="checkbox"/> Addressee</p>
<p>1. Article Addressed to: McKay Oil Corp PO Box 2014 Roswell, NY 88202 9590 9402 1714 6053 8203 19</p>	<p>B. Received by (Printed Name) <i>Roy McKay</i> C. Date of Delivery <i>5-24-16</i></p>
<p>2. Article Number (Transfer from service label) 7012 0470 0000 0883 6688</p>	<p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No </p>
<p>PS Form 3811, July 2015 PSN 7530-02-000-9033</p>	<p>3. Service Type: <input type="checkbox"/> Adult Signature <input type="checkbox"/> Adult Signature Restricted Delivery <input type="checkbox"/> Certified Mail® <input type="checkbox"/> Certified Mail Restricted Delivery <input type="checkbox"/> Collect on Delivery <input type="checkbox"/> Collect on Delivery Restricted Delivery <input type="checkbox"/> Insured Mail <input type="checkbox"/> Mail Restricted Delivery <input type="checkbox"/> Priority Mail Express® <input type="checkbox"/> Registered Mail™ <input type="checkbox"/> Registered Mail Restricted Delivery <input checked="" type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Signature Confirmation™ <input type="checkbox"/> Signature Confirmation Restricted Delivery</p> <p>Domestic Return Receipt</p>

OCD Case No. 15589
Application for Compliance Order Against McKay Oil Corp.,
OGRID 14424
OCD Exhibit 3: Notifications of Violations Sent
Page 9 of 14



7008 1140 0001 4145 1865



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON Governor Joanna Prukop Cabinet Secretary

Mark E. Fesmire, P.E. Director Oil Conservation Division

Response Required - Deadline Enclosed

19-Jun-09

MCKAY OIL CORP One McKay Place P. O. Box 2014 Roswell NM 88202

LOV NO. 02-09-027

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

Table with 7 columns: Inspection Date, Type Inspection, Inspector, Violation?, *Significant Non-Compliance?, Corrective Action Due By, Inspection No. Row 1: FIVE MILE TANK FEDERAL No.002, 06/19/2009, File and Compliance Review, Richard Inge, Yes, No, 9/22/2009, iREI0917047532

Comments on Inspection: Violation of OCD rule 19.15.25.8 WELLS TO BE PROPERLY ABANDONED. TA Status expired 11/24/2008. Last reported production 2/1/2001.

The well must either be returned to beneficial use or properly plugged and abandoned by Completion Action Due By date. This well will not be approved for Temporary Abandonment since there has been no production reported since 2/1/2001.

Table with 7 columns: Inspection Date, Type Inspection, Inspector, Violation?, *Significant Non-Compliance?, Corrective Action Due By, Inspection No. Row 1: CAMP STATE No.001, 06/18/2009, Routine/Periodic, Richard Inge, Yes, No, 9/21/2009, iREI0916949729

Comments on Inspection: Violation of OCD rule 19.15.25.8 WELLS TO BE PROPERLY ABANDONED. Expired TA on 1/19/2006. No equipment or flowline on location.

The well must either be returned to beneficial use or properly plugged and abandoned by Completion Action Due By date. This well will not be approved for Temporary Abandonment since there has been no production reported on this well.

OCD Case No. 15589 Application for Compliance Order Against McKay Oil Corp., OGRID 14424 OCD Exhibit 3: Notifications of Violations Sent Page 10 of 14

NEW MEXICO CS STATE No.002

J-2-7S-22E

30-005-61586-00-00

Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
06/19/2009	File and Compliance Review	Richard Inge	Yes	No	9/22/2009	iREI0917048162

Comments on Inspection: Violation of OCD rule 19.15.25.8 WELLS TO BE PROPERLY ABANDONED. Last reported production date 11/01/2005.

The well must either be returned to beneficial use, properly plugged and abandoned or placed into approved temporary abandonment by Completion Action Due By date.

HUSKY-MCKAY No.001

O-18-8S-26E

30-005-61616-00-00

Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
06/19/2009	File and Compliance Review	Richard Inge	Yes	No	9/22/2009	iREI0917047745

Comments on Inspection: Violation of OCD rule 19.15.25.8 WELLS TO BE PROPERLY ABANDONED. Last production reported 2/1/2006.

The well must either be returned to beneficial use, properly plugged and abandoned or placed into approved temporary abandonment by Completion Action Due By date.

MCKAY-WINSTON No.001

C-3-8S-26E

30-005-62145-00-00

Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
06/19/2009	File and Compliance Review	Richard Inge	Yes	No	9/22/2009	iREI0917047979

Comments on Inspection: Violation of OCD rule 19.15.25.8 WELLS TO BE PROPERLY ABANDONED. Expired TA on 1/30/2009. Last reported production date 12/01/2003.

The well must either be returned to beneficial use, properly plugged and abandoned or placed into approved temporary abandonment by Completion Action Due By date.

WEST MCKAY HARVEY FEDERAL A No.001

B-26-8S-23E

30-005-62189-00-00

Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
06/19/2009	File and Compliance Review	Richard Inge	Yes	No	9/22/2009	iREI0917048446

Comments on Inspection: Violation of OCD rule 19.15.25.8 WELLS TO BE PROPERLY ABANDONED. Last reported production date 02/01/1997. Well was under ACOI-126A which expired on 2/28/2007.

The well must either be returned to beneficial use or properly plugged and abandoned by Completion Action Due By date. This well will not be approved for Temporary Abandonment since there has been no production reported since 2/1/1997.

WEST FORK UNIT No.001

C-32-4S-22E

30-005-62625-00-00

Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
06/18/2009	Routine/Periodic	Richard Inge	Yes	No	9/21/2009	iREI0916939489

Comments on Inspection: Violation of OCD rule 19.15.25.8 WELLS TO BE PROPERLY ABANDONED. Last reported production date 11/01/2003. Well was under ACOI-126 and TA'd to complete requirements of this ACOI. But TA status has since expired on 9/20/2008. No equipment on location. Not hooked up to a flow line.

The well must either be returned to beneficial use, properly plugged and abandoned or placed into approved temporary abandonment by Completion Action Due By date.

OCD Case No. 15589

Application for Compliance Order Against McKay Oil Corp.,
OGRID 14424

OCD Exhibit 3: Notifications of Violations Sent

Page 11 of 14

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. Such a hearing may result in imposition of CIVIL PENALTIES for your violation of OCD rules.

Sincerely,

Richard Inge

Artesia 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

OCD Case No. 15589
Application for Compliance Order Against McKay Oil Corp.,
OGRID 14424
OCD Exhibit 3: Notifications of Violations Sent
Page 12 of 14

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

Tony Delfin
Acting Cabinet Secretary

David R. Catanach, Division Director
Oil Conservation Division



Response Required - Deadline Enclosed

14-Dec-16

MCKAY OIL CORP

One McKay Place P. O. Box 2014
Roswell NM 88202-

LETTER OF VIOLATION - Inactive Well(s)

Dear Operator:

A review of our records and recent inspection(s) indicate that the subject well(s) has been shut-in for an extended period of time. Rule 19.15.25.8 of the Rules and Regulation of the Oil Conservation Division provides that a well may be shut-in no longer than sixty days after suspension of drilling operations, upon determining that the well is no longer usable (e.g., a dry hole), or one year after last production. To comply with guidelines as established in the Rules and Regulations, corrective actions must be taken immediately and the well(s) brought into compliance.

The detail section below indicates preliminary findings and/or probable nature of the violation.

The following options are available:

1. Immediately restore the well(s) to production, injection or disposal as applicable.
2. Request "Temporary Abandoned" status pursuant to Rule 19.15.25.13, which requires that you set a plug and conduct a mechanical integrity test.
3. Submit a proposal to 'Plug and Abandon' the well(s) pursuant to Rule 19.15.25.9, proceed with plugging procedures on a timely basis after the proposal has been evaluated, amended and/or approved.

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. Such a hearing may result in imposition of CIVIL PENALTIES for your violation of OCD rules.

IDLE WELL INSPECTION DETAIL SECTION

CAMP STATE 001	J-25-5S-22E	30-005-61446-00-00	Inspection No. iGC1634932416	
Inspection Date:	12/14/2016 9:00:15 AM	Corrective Action Due by: 3/19/2017		
Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	
Routine/Periodic	Gilbert Cordero	Yes	No	
Comments on Inspection:	Violation of rule 19.15.25.8. NO PRODUCTION REPORTS			
ANTELOPE FEDERAL 001	E-29-4S-22E	30-005-61661-00-00	Inspection No. iGC1634944516	
Inspection Date:	12/14/2016 12:21:55 PM	Corrective Action Due by: 3/19/2017		
Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	
Routine/Periodic	Gilbert Cordero	Yes	No	
Comments on Inspection:	Violation of rule 19.15.25.8. LAST REPORTED PRODUCTION 2-1-15			
ANTELOPE FEDERAL 002	J-29-4S-22E	30-005-61766-00-00	Inspection No. iGC1634944233	

Inspection Date: 12/14/2016 12:17:12 PM **Corrective Action Due by:** 3/19/2017
Type Inspection Inspector **Violation?** ***Significant Non-Compliance?**
Routine/Periodic Gilbert Cordero **Yes** **No**
Comments on Inspection: Violation of rule 19.15.25.8. LAST REPORTED PRODUCTION 2-1-15

ANTELOPE FEDERAL 003 M-29-4S-22E 30-005-61774-00-00 **Inspection No.** iGC1634943903

Inspection Date: 12/14/2016 12:11:42 PM **Corrective Action Due by:** 3/19/2017
Type Inspection Inspector **Violation?** ***Significant Non-Compliance?**
Routine/Periodic Gilbert Cordero **Yes** **No**
Comments on Inspection: Violation of rule 19.15.25.8. LAST REPORTED PRODUCTION 2-1-15

PRONGHORN FEDERAL 001 A-30-4S-22E 30-005-62204-00-00 **Inspection No.** iGC1634944872

Inspection Date: 12/14/2016 12:27:51 PM **Corrective Action Due by:** 3/19/2017
Type Inspection Inspector **Violation?** ***Significant Non-Compliance?**
Routine/Periodic Gilbert Cordero **Yes** **No**
Comments on Inspection: Violation of rule 19.15.25.8. LAST REPORTED PRODUCTION 4-1-11

WEST FORK UNIT 002 M-7-5S-22E 30-005-62482-00-00 **Inspection No.** iGC1634939207

Inspection Date: 12/14/2016 10:53:26 AM **Corrective Action Due by:** 3/19/2017
Type Inspection Inspector **Violation?** ***Significant Non-Compliance?**
Routine/Periodic Gilbert Cordero **Yes** **No**
Comments on Inspection: Violation of rule 19.15.25.8. LAST REPORTED PRODUCTION 3-1-09

WEST FORK UNIT 001 C-32-4S-22E 30-005-62625-00-00 **Inspection No.** iGC1634943633

Inspection Date: 12/14/2016 12:07:12 PM **Corrective Action Due by:** 3/19/2017
Type Inspection Inspector **Violation?** ***Significant Non-Compliance?**
Routine/Periodic Gilbert Cordero **Yes** **No**
Comments on Inspection: Violation of rule 19.15.25.8. LAST REPORTED PRODUCTION 11-1-03

WEST FORK UNIT 004 K-32-4S-22E 30-005-62821-00-00 **Inspection No.** iGC1634941243

Inspection Date: 12/14/2016 11:27:22 AM **Corrective Action Due by:** 3/19/2017
Type Inspection Inspector **Violation?** ***Significant Non-Compliance?**
Routine/Periodic Gilbert Cordero **Yes** **No**
Comments on Inspection: Violation of rule 19.15.25.8. LAST REPORTED PRODUCTION 7-1-12

Thank you for your prompt attention to this matter and your efforts in helping to protect our environment and the infrastructure of the oil and gas industry.

Sincerely,

Gilbert Cordero
Compliance Officer

Artesia OCD District Office

* Significant Non-Compliance events are reported directly to the U.S. Environmental Protection Agency, Region VI, Dallas, Texas.

OCD Case No. 15589
Application for Compliance Order Against McKay Oil Corp.,
OGRID 14424
OCD Exhibit 3: Notifications of Violations Sent
Page 14 of 14