

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

David Martin
Cabinet Secretary

Tony Delfin
Deputy Cabinet Secretary

David Catanach, Director
Oil Conservation Division



Response Required - Deadline Enclosed

Field Inspection Program
"Preserving the Integrity of Our Environment"

27-Jul-16

FINLEY RESOURCES INC
PO BOX 2200
FORT WORTH TX 76113

HOBBS OCD
JUL 27 2016
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

LEA 407 STATE No.001

K-2-21S-35E

30-025-03375-00-00

Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
07/26/2016	Routine/Periodic	Mark Whitaker	Yes	No	10/29/2016	iMAW1620845319

Violations

Surface Damage/Restoration

Comments on Inspection: DO NOT RELEASE BONDS. Wrong section number on marker. Tank battery southwest of location. Flowline from battery to well. Power poles north of location. NEED TO CORRECT P&A MARKER. NEED TO REMOVE FLOWLINE. NEED TO REMOVE POWER POLES. NEED TO REMOVE BATTERY AND ALL ASSOCIATED PIPING. CONSULT WITH DISTRICT I ENVIRONMENTAL SPECIALIST WHEN BATTERY IS REMOVED TO DETERMINE WHETHER REMEDIATION PLAN SHOULD BE FILED. NEED TO CONTACT GAS PURCHASER AND REQUEST REMOVAL OF METER LOOP AND ALL ASSOCIATED PIPING. ATTACH COPY OF CORRESPONDENCE WITH GAS PURCHASER TO C103. FIRST NOTICE.

STATE WEB BATTERY 3 No.005

P-24-21S-35E

30-025-03488-00-00

Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
07/26/2016	Routine/Periodic	Mark Whitaker	Yes	No	10/29/2016	iMAW1620842814
Violations Surface Damage/Restoration						

Comments on Inspection: DO NOT RELEASE BONDS. Last well on lease. PA marker good. Bolts sticking out of poured concrete base. 3 power poles running to east. Polyline north of location. Tank battery to northwest on east side of road going to well location. NEED TO CUT BOLTS OFF FLUSH WITH CONCRETE. NEED TO REMOVE POWER POLES BACK TO PRIMARY LINE. NEED TO REMOVE POLYLINE FROM NORTH SIDE OF LOCATION. NEED TO REMOVE BATTERY AND ALL ASSOCIATED PIPING. CONSULT WITH DISTRICT I ENVIRONMENTAL SPECIALIST WHEN BATTERY IS REMOVED TO DETERMINE WHETHER REMEDIATION PLAN SHOULD BE FILED. FIRST NOTICE.

STATE SPX

No.004

G-33-20S-36E

30-025-04389-00-00

Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
07/26/2016	Routine/Periodic	Mark Whitaker	Yes	No	10/29/2016	iMAW1620848413
Violations Surface Damage/Restoration						

Comments on Inspection: DO NOT RELEASE BONDS. PA marker good. Pallet, sucker rods, polish rod, and flowline east of marker. Hole at PA marker. NEED TO REMOVE PALLET, SUCKER RODS, POLISH ROD AND FLOWLINE IN ITS ENTIRETY BACK TO BATTERY. NEED TO REMOVE CONTAMINATED SOILS AROUND PA MARKER AND DISPOSE OF PROPERLY. LEVEL AREA AT MARKER TO CONTOUR OF LOCATION. FIRST NOTICE.

L W WHITE No.001

P-34-20S-36E

30-025-04393-00-00

Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
07/26/2016	Routine/Periodic	Mark Whitaker	Yes	No	10/29/2016	iMAW1620847424
Violations Surface Damage/Restoration						

Comments on Inspection: DO NOT RELEASE BONDS. Last well on lease. Anchor and anchor marker to north. Riser at wellhead. Power poles northeast. Gas metering equipment to east. NEED TO REMOVE ANCHOR AND ANCHOR MARKER. NEED TO REMOVE RISER NEXT TO P&A MARKER. NEED TO REMOVE POWER POLES TO EAST. NEED TO CONTACT GAS PURCHASER AND REQUEST REMOVAL OF METER SHED AND ALL ASSOCIATED PIPING. ATTACH COPY OF CORRESPONDENCE TO GAS PURCHASER TO C103. FIRST 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,

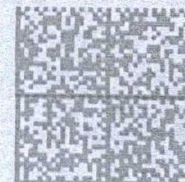
Mark Whitaker
 Petroleum Engr. Specialist

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.

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FIRST-CLASS MAIL

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07/27/2016 ZIP 88240
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US POSTAGE

FINLEY RESOURCES INC
PO BOX 2200
FT WORTH, TX 76113-2200