State of New Mexico Energy, Minerals and Natural Resources Department

Susana Martinez

Governor

David Martin

Cabinet Secretary

David Catanach, Director

Oil Conservation Division

Tony Delfin

Deputy Cabinet Secretary

Response Required - Deadline Enclosed

Field Inspection Program

"Preserving the Integrity of Our Environment"

09-Aug-16

RAY WESTALL OPERATING, INC.

P. O. BOX 4

LOCO HILLS NM 88255

See Zielpage

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	JN	
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			INSPECTIO	N DE LAIL	SECTION		
FEDERAL N No.001				N-26-18S-30E	30-015-20608-00-	00	
Inspection Date	Type Inspecti	on	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
08/09/2016	Routine/Per	odic	Tony Morales	Yes	No	11/12/2016	iTM1622232520
	Violations			4			
	General Housel	eeping (Rule 11	4)				
			ment and Location in Good Shape. PJO OLD TANK BATTERY ON ANK BATTERIES NO SECONDARY IMPERMIABLE CONTAINMENT-BERI				
			_		E 06 100 00E	20 04 5 4 5 4 4 0 0 0	0.0

FEATHERS	STONE FEDERAL No.001			F-26-18S-30E	30-015-25440-00-0	0
Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
08/09/2016	Routine/Periodic	Tony Morales	Yes	No	11/12/2016	iTM1622233397
	Violations					

Tank Battery Equipment (Rules 114, 115)

Comments on Inspection:

General Housekeeping (Rule 114)

OK. All Equipment and Location in Good Shape. PJ STAINING AROUND WELL HEAD. OIL CONSERVATION

TANK BATTERIES CONTAINMENT NOT COMPLETELY AROUND BATTERIES NO

WINDSOCK NO PLACARDS STAINING AROUND DRAINS

ARTESIA DISTRICT OCT 3 1 2016

Oil Conservation Division * 811 S. First St. * Artesia, New Mexico 88210 Phone: 575-748-1283 * Fax: 575-748-9720 * http://www.emnrd.state.nm.us

RECEIVED

FEATHERSTONE FEDERAL No.002

E-26-18S-30E

D-26-18S-30E

30-015-25620-00-00

Inspection Date

Type Inspection

Inspector

Violation?

*Significant Non-Compliance? Corrective

08/09/2016

Routine/Periodic

Tony Morales

Yes

No

Action Due By: 11/12/2016

Inspection No. iTM1622233965

Violations

General Housekeeping (Rule 114)

Comments on Inspection:

OK. All Equipment and Location in Good Shape.

PJ. STAINING AROUND WELL HEAD

FEATHERSTONE FEDERAL No.003

Inspection Type Inspection Date

Inspector

*Significant Violation?

30-015-25673-00-00 Corrective Action Due By:

11/12/2016

Inspection No.

08/09/2016

Routine/Periodic

Tony Morales

Yes

Non-Compliance? No

Hope - Balk Keeper

iTM1622235689

Violations

Tank Battery Equipment (Rules 114, 115)

General Housekeeping (Rule 114)

Comments on Inspection:

OK. All Equipment and Location in Good Shape. PJO. STAINING AROUND WELL HEAD

STAINED AREA APPROX 15' X 30' AND LOCATION STAINING TANK BATTERY NO

PLACARDS

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 Divison Examiner in Santa Fe to show cause why you should not be ordered to permanently plug and abandon this well.

Sincerely

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.

> Seet 10/27/16: el corrective actions were Completed 10/25/16 and are ready for

> > NM OIL CONSERVATION

ARTESIA DISTRICT

OCT 3 1 2016

RECEIVED