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 Znolpage

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.

INSPEC	TI	ONL	DETAIL SECTION

			INSPECTIO	NUEIAII	SECTION		
FEDERAL N No.001				N-26-18S-30E	30-015-20608-00-	00	
Inspection Date	Type Inspection	n	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
08/09/2016	Routine/Peri	odic	Tony Morales	Yes	No	11/12/2016	iTM1622232520
	Violations						
	General Housel	eeping (Rule 11	4)				
Comments	on Inspection:		ipment and Location in TANK BATTERIES N				BERM
FEATHERS	TONE FEDI	RAL No.00	1		F-26-18S-30E	30-015-25440-00-0	00

FEATHERSTONE FEDERAL No.001				F-26-18S-30E	30-015-25440-00-0	U
Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
	Routine/Periodic	Tony Morales	Yes	No		iTM1622233397
08/09/2016	Routine/Feriouic	Tony wiorates	165	INO	11/12/2010	111011022233397

Violations

Tank Battery Equipment (Rules 114, 115) General Housekeeping (Rule 114)

Comments on Inspection: OK. All Equipment and Location in Good Shape. PJ STAINING AROUND WELL HEAD. TANK BATTERIES CONTAINMENT NOT COMPLETELY AROUND BATTERIES NO

WINDSOCK NO PLACARDS STAINING AROUND DRAINS

OIL CONSERVATION

ARTESIA DISTRICT

OCT 3 1 2016

FEATHERSTONE FEDERAL No.002

E-26-18S-30E

30-015-25620-00-00

Inspection Date

Type Inspection

Inspector

*Significant Violation?

Corrective

08/09/2016

Routine/Periodic

Tony Morales

Yes

Non-Compliance? Action Due By: No 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

D-26-18S-30E *Significant 30-015-25673-00-00

Inspection

Type Inspection Date

Inspector

Violation?

Non-Compliance?

Corrective Action Due By:

Inspection No.

08/09/2016

Routine/Periodic

Tony Morales

Yes

No

Hope - Bask/Keeper

11/12/2016

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 vere completed 10/25/16

NM OIL CONSERVATION

ARTESIA DISTRICT

OCT 3 1 2016

RECEIVED