

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

John Bemis
Cabinet Secretary

Brett F. Woods, Ph.D.
Deputy Cabinet Secretary

Jami Bailey
Division Director
Oil Conservation Division



HOBBS OCD
JUL 19 2012
RECEIVED

Response Required – Deadline Enclosed

19-Jul-12

FINLEY RESOURCES INC
1308 LAKE STREET #200
FT WORTH, TX 76102-

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 201 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

1. Immediately restore the well(s) to production, injection or disposal as applicable.
2. Request 'Temporary Abandoned' status pursuant to Rule 203, 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 202, 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

STATE WEB BATTERY 3 005	P-24-21S-35E	30-025-03488-00-00	Inspection No. iMAW1220146733
Inspection Date:	7/19/2012 12:58:49 PM	Corrective Action Due by:	8/24/2012
Type Inspection	Inspector	Violation?	*Significant Non-Compliance?
Routine/Periodic	Mark Whitaker	Yes	No
Comments on Inspection:	Idle Well (Rule 19.15.25.8) and expired T/A (Rule 19.15.25.12). Operator should submit an intent to return well to production or permanently plug and abandon. Intents should be submitted to the Hobbs District office within 30 days. Final notice.		
STATE E 27 001	M-27-20S-36E	30-025-04354-00-00	Inspection No. iMAW1220148187
Inspection Date:	7/19/2012 1:23:04 PM	Corrective Action Due by:	8/24/2012
Type Inspection	Inspector	Violation?	*Significant Non-Compliance?
Routine/Periodic	Mark Whitaker	Yes	No
Comments on Inspection:	Idle Well (Rule 19.15.25.8) and expired T/A (Rule 19.15.25.12). Operator should submit an intent to return well to production or permanently plug and abandon. Intents should be submitted to the Hobbs District office within 30 days. Final notice.		

STATE E 28 001 N-28-20S-36E **30-025-04359-00-00** Inspection No. iMAW1220148430
 Inspection Date: 7/19/2012 1:27:06 PM Corrective Action Due by: **8/24/2012**
 Type Inspection Inspector Violation? *Significant Non-Compliance?
 Routine/Periodic Mark Whitaker Yes No
 Comments on Inspection: Idle Well (Rule 19.15.25.8) and expired T/A (Rule 19.15.25.12). Operator should submit an intent to return well to production or permanently plug and abandon. Intents should submitted to the Hobbs District office within 30 days. Final notice.

STATE E 28 002 K-28-20S-36E **30-025-04360-00-00** Inspection No. iMAW1220148527
 Inspection Date: 7/19/2012 1:28:45 PM Corrective Action Due by: **8/24/2012**
 Type Inspection Inspector Violation? *Significant Non-Compliance?
 Routine/Periodic Mark Whitaker Yes No
 Comments on Inspection: Idle Well (Rule 19.15.25.8) and expired T/A (Rule 19.15.25.12). Operator should submit an intent to return well to production or permanently plug and abandon. Intents should submitted to the Hobbs District office within 30 days. Final notice.

STATE E 28 004 L-28-20S-36E **30-025-04362-00-00** Inspection No. iMAW1220148613
 Inspection Date: 7/19/2012 1:30:10 PM Corrective Action Due by: **8/24/2012**
 Type Inspection Inspector Violation? *Significant Non-Compliance?
 Routine/Periodic Mark Whitaker Yes No
 Comments on Inspection: Idle Well (Rule 19.15.25.8) and expired T/A (Rule 19.15.25.12). Operator should submit an intent to return well to production or permanently plug and abandon. Intents should submitted to the Hobbs District office within 30 days. Final notice.

STATE E 33 001 C-33-20S-36E **30-025-04379-00-00** Inspection No. iMAW1220148697
 Inspection Date: 7/19/2012 1:31:34 PM Corrective Action Due by: **8/24/2012**
 Type Inspection Inspector Violation? *Significant Non-Compliance?
 Routine/Periodic Mark Whitaker Yes No
 Comments on Inspection: Idle Well (Rule 19.15.25.8) and expired T/A (Rule 19.15.25.12). Operator should submit an intent to return well to production or permanently plug and abandon. Intents should submitted to the Hobbs District office within 30 days. Final notice.

STATE E 33 002 D-33-20S-36E **30-025-04380-00-00** Inspection No. iMAW1220148835
 Inspection Date: 7/19/2012 1:33:53 PM Corrective Action Due by: **8/24/2012**
 Type Inspection Inspector Violation? *Significant Non-Compliance?
 Routine/Periodic Mark Whitaker Yes No
 Comments on Inspection: Idle Well (Rule 19.15.25.8) and expired T/A (Rule 19.15.25.12). Operator should submit an intent to return well to production or permanently plug and abandon. Intents should submitted to the Hobbs District office within 30 days. Final notice.

STATE E 33 003 F-33-20S-36E **30-025-04381-00-00** Inspection No. iMAW1220148915
 Inspection Date: 7/19/2012 1:35:12 PM Corrective Action Due by: **8/24/2012**
 Type Inspection Inspector Violation? *Significant Non-Compliance?
 Routine/Periodic Mark Whitaker Yes No
 Comments on Inspection: Idle Well (Rule 19.15.25.8) and expired T/A (Rule 19.15.25.12). Operator should submit an intent to return well to production or permanently plug and abandon. Intents should submitted to the Hobbs District office within 30 days. Final notice.

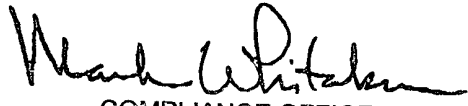
L W WHITE 001 P-34-20S-36E **30-025-04393-00-00** Inspection No. iMAW1220148996
 Inspection Date: 7/19/2012 1:36:33 PM Corrective Action Due by: **8/24/2012**
 Type Inspection Inspector Violation? *Significant Non-Compliance?
 Routine/Periodic Mark Whitaker Yes No
 Comments on Inspection: Idle Well (Rule 19.15.25.8) and expired T/A (Rule 19.15.25.12). Operator should submit an intent to return well to production or permanently plug and abandon. Intents should submitted to the Hobbs District office within 30 days. Final notice.

WARRIOR STATE 002 O-2-21S-35E **30-025-24164-00-00** Inspection No. iMAW1220149108
 Inspection Date: 7/19/2012 1:38:13 PM Corrective Action Due by: **8/24/2012**
 Type Inspection Inspector Violation? *Significant Non-Compliance?
 Routine/Periodic Mark Whitaker Yes No
 Comments on Inspection: Idle Well (Rule 19.15.25.8) and expired T/A (Rule 19.15.25.12). Operator should submit an intent to return well to production or permanently plug and abandon. Intents should submitted to the Hobbs District office within 30 days. Final notice.

AZTEC 27 STATE 001	K-27-20S-36E	30-025-26734-00-00	Inspection No. iMAW1220149207
Inspection Date:	7/19/2012 1:40:04 PM	Corrective Action Due by:	8/24/2012
Type Inspection	Inspector	Violation?	*Significant Non-Compliance?
Routine/Periodic	Mark Whitaker	Yes	No
Comments on Inspection:	Idle Well (Rule 19.15.25.8) and expired T/A (Rule 19.15.25.12). Operator should submit an intent to return well to production or permanently plug and abandon. Intents should submitted to the Hobbs District office within 30 days. Final notice.		

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.

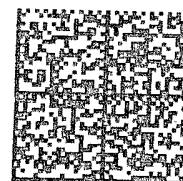
Sincerely,


COMPLIANCE OFFICER

Hobbs OCD District Office

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

EMNRD
OIL CONSERVATION DIVISION
1625 N FRENCH DRIVE
HOBBS NM 88240



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US POSTAGE

FINLEY RESOURCES INC
1308 LAKE STREET #200
FT WORTH, TX 76102