

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"*

HOBBS OCD

JUL 21 2016

RECEIVED

20-Jul-16

FINLEY RESOURCES INC
PO BOX 2200
FORT WORTH TX 76113

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

| STATE E 33 No.002 | | D-33-20S-36E | | 30-025-04380-00-00 | | |
|--|------------------|---------------|------------|------------------------------|---------------------------|----------------|
| Inspection Date | Type Inspection | Inspector | Violation? | *Significant Non-Compliance? | Corrective Action Due By: | Inspection No. |
| 07/20/2016 | Routine/Periodic | Mark Whitaker | Yes | No | 10/23/2016 | iMAW1620236630 |
| Violations Surface Damage/Restoration | | | | | | |
| Comments on Inspection: DO NOT RELEASE BONDS. Braided wire rope anchor west of P&A marker. NEED TO REMOVE WIRE ROPE ANCHOR. 1ST NOTICE. | | | | | | |

WARRIOR STATE No.002

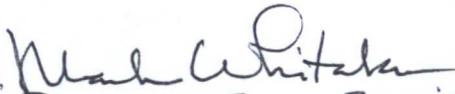
G-2-21S-35E

30-025-24164-00-00

| Inspection Date | Type Inspection | Inspector | Violation? | *Significant Non-Compliance? | Corrective Action Due By: | Inspection No. |
|-----------------|----------------------------|---------------|------------|------------------------------|---------------------------|----------------|
| 07/20/2016 | Routine/Periodic | Mark Whitaker | Yes | No | 10/23/2016 | iMAW1620240235 |
| | Violations | | | | | |
| | Surface Damage/Restoration | | | | | |

Comments on Inspection: DO NOT RELEASE BONDS. Last well on lease. Power lines running from location past No. 1 well to north and ties into primary system. Piece of flowline at entrance into No. 2 well. Tanks at well pad for the No. 1 well. Flowline heading back to south from No. 1 well. NEED TO REMOVE POWER POLES, LINES AND ANY OTHER EQUIPMENT ASSOCIATED WITH POWER SYSTEM BACK TO THE PRIMARY SYSTEM. NEED TO REMOVE JOINT OF FLOWLINE LEFT AT ENTRANCE TO WELL NO. 2. NEED TO REMOVE EQUIPMENT LEFT AT THE WELL SITE FOR WELL NO. 1. NEED TO REMOVE AND REMEDIATE ANY CONTAMINATED SOILS UNDER AND AROUND TANK. NEED TO REMOVE FLOWLINE SOUTH OF TANKS IN ITS ENTIRETY. 1ST 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, 
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.

EMNRD
OIL CONSERVATION DIVISION
1625 N FRENCH DRIVE
HOBBS NM 88240



HASLER
FIRST-CLASS MAIL
\$000.46⁵
07/20/2016 ZIP 88240
012E14642224

US POSTAGE

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