

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

Tony Delfin
Acting Cabinet Secretary

David Catanach, Director
Oil Conservation Division



Response Required - Deadline Enclosed

Field Inspection Program
"Preserving the Integrity of Our Environment"

HOBBS OCD

NOV 30 2016

RECEIVED

30-Nov-16

FBS OPERATING COMPANY, LLC
8235 DOUGLAS AVE., STE 1201
DALLAS TX 75225

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

| S B FLETCHER A No.001 | | | | E-5-20S-39E | 30-025-07976-00-00 | | |
|---|------------------|---------------|------------|------------------------------|---------------------------|----------------|--|
| Inspection Date | Type Inspection | Inspector | Violation? | *Significant Non-Compliance? | Corrective Action Due By: | Inspection No. | |
| 11/30/2016 | Routine/Periodic | Mark Whitaker | Yes | No | 3/5/2017 | iMAW1633530599 | |
| Violations | | | | | | | |
| Absent Well Identification Signs (Rule 103) | | | | | | | |
| Idle well (Rule 201) | | | | | | | |
| Comments on Inspection: Idle Well (Rule 19.15.25.8). No production reported in over 88 months. Well sign not legible (Rule 19.15.16.8). NEED TO REPLACE WELL SIGN. NEED TO RETURN WELL TO ACTIVE STATUS OR PLUG & ABANDON. | | | | | | | |

| S B FLETCHER A No.002 | | | | F-5-20S-39E | 30-025-07977-00-00 | | |
|--|------------------|---------------|------------|------------------------------|---------------------------|----------------|--|
| Inspection Date | Type Inspection | Inspector | Violation? | *Significant Non-Compliance? | Corrective Action Due By: | Inspection No. | |
| 11/30/2016 | Routine/Periodic | Mark Whitaker | Yes | No | 1/13/2017 | iMAW1633531042 | |
| Violations | | | | | | | |
| Absent Well Identification Signs (Rule 103) | | | | | | | |
| Comments on Inspection: No well sign at well or battery (Rule 19.15.16.8). NEED TO INSTALL WELL SIGNS. INCLUDE EMERGENCY CONTACT NUMBER ON SIGN AT BATTERY. | | | | | | | |

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.

Rule 19.15.16.8 Sign should be legible from 50' and each sign shall show operator's name, property name, well number, location by footage, unit letter, section, township, range, and API number.

EMNRD
OIL CONSERVATION DIVISION
1625 N FRENCH DRIVE
HOBBS NM 88240



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DALLAS, TX 75225