

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

David Martin
Cabinet Secretary

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

David Catanach, Division Director
Oil Conservation Division



Response Required - Deadline Enclosed

Field Inspection Program
"Preserving the Integrity of Our Environment"

30-Jan-15

SABER OIL & GAS VENTURES, LLC
400 W ILLINOIS, SUITE 950
MIDLAND TX 79701

LETTER OF VIOLATION -

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 re-inspect the well and/or facility.

INSPECTION DETAIL SECTION

LEA OR STATE No.003

P-12-18S-36E

30-025-23096-00-00

| Inspection Date | Type Inspection | Inspector | Violation? | *Significant Non-Compliance? | Corrective Action Due By: | Inspection No. |
|--------------------|---------------------|---------------|------------|---------------------------------|------------------------------|----------------|
| 01/30/2015 | File and Compliance | Sylvia Dickey | Yes | No | 5/5/2015 | iSAD1503040066 |

Comments on Inspection: OPERATOR IN VIOLATION WITH NMOCDD RULES 19.15.25.8 (WELLS TO BE PROPERLY ABANDONED) AND 19.15.26.12 (COMMENCEMENT, DISCONTINUANCE AND ABANDONMENT OF INJECTION OPERATIONS) WELL HAS BEEN SHUT IN FOR 59 MONTHS; (SWD PERMIT VIOLATION AS NOTED PER ORDER)

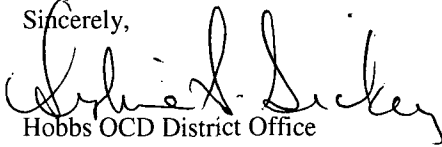
JAN 30 2015

January 30, 2015

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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,



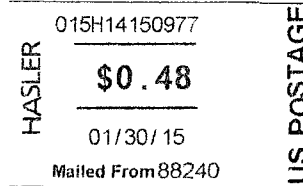
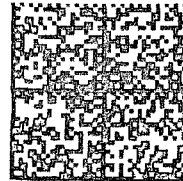
Hobbs OCD District Office

COMPLIANCE OFFICER

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



Saber Resources LLC
ATT: Doug Keathley
400 W Illinois, Suite 950
Midland, TX 79701