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NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

Response Required – Deadline Enclosed

03-Sep-08

RKI EXPLORATION & PRODUCTION, LLC

3817 NW EXPRESSWAY SUITE 950

OKLAHOMA CITY OK 73112

LOV NO. 2-08-152

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

PINNACLE STATE No.019

E-36-22S-28E

30-015-36065-00-00

Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
09/03/2008	File and Compliance Review	Gerry Guye	Yes	No	9/18/2008	iGEG0824750905
Comments on Inspection: Violation of Rule 19.15.13.1105, Failure to file completion documents and Rule 19.15.10.801, sales of oil without approved C-104. Well must be SHUT-IN IMMEDIATELY pending approval of C-104.						

RDX 15 No.002

P-15-26S-30E

30-015-36151-00-00

Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
09/03/2008	File and Compliance Review	Gerry Guye	Yes	No	9/18/2008	iGEG0824752243
Comments on Inspection: Violation of Rule 19.15.1.14, Failure to file completion documents and Rule 19.15.10.801, sales of oil without approved C-104. Well must be SHUT-IN IMMEDIATELY pending approval of C-104.						

PINNACLE STATE No.023

O-36-22S-28E

30-015-36217-00-00

Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
09/03/2008	File and Compliance Review	Gerry Guye	Yes	No	9/18/2008	iGEG0824752803
Comments on Inspection: Violation of Rule 19.15.13.1105, Failure to file completion documents and Rule 19.15.10.801, sales of oil without approved C-104. Well must be SHUT-IN IMMEDIATELY pending approval of C-104.						

Oil Conservation Division * 1301 W. Grand * Artesia, New Mexico 88210

Phone: 505-748-1283 * Fax: 505-748-9720 * <http://www.emnrd.state.nm.us>

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.

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.