

New Mexico Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

Bill Brancard
Acting Cabinet Secretary

Daniel Sanchez
Acting Division Director
Oil Conservation Division



03-Jan-11

SANDRIDGE EXPLORATION AND PRODUCTION, LLC
123 ROBERT S. KERR AVENUE
OKLAHOMA CITY, OK 73102-6406

02-09-179

Mailed: 1/5/11 pps

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

SKELLY UNIT No.137

C-28-17S-31E

30-015-22506-00-00

| Inspection Date | Type Inspection | Inspector | Violation? | *Significant Non-Compliance? | Corrective Action Due By: | Inspection No. |
|--|------------------|-----------------|------------|------------------------------|---------------------------|----------------|
| 01/03/2011 | Routine/Periodic | Kimberly Wilson | Yes | No | 1/14/2011 iKMW110035535 | |
| Comments on Inspection: No well sign, violation of NMAC 19.15.16.8. Operator must submit a C-103 stating date sign was installed by January 17, 2011. | | | | | | |

SKELLY UNIT No.401

D-28-17S-31E

30-015-29817-00-00

| Inspection Date | Type Inspection | Inspector | Violation? | *Significant Non-Compliance? | Corrective Action Due By: | Inspection No. |
|--|------------------|-----------------|------------|------------------------------|---------------------------|----------------|
| 01/03/2011 | Routine/Periodic | Kimberly Wilson | Yes | No | 1/14/2011 iKMW110035551 | |
| Comments on Inspection: No well sign, violation of NMAC 19.15.16.8. Operator must submit a C-103 stating date sign was installed by January 17, 2011. | | | | | | |

SKELLY UNIT No.402

E-28-17S-31E

30-015-29860-00-00


| Inspection Date | Type Inspection | Inspector | Violation? | *Significant Non-Compliance? | Corrective Action Due By: | Inspection No. |
|--|------------------|-----------------|------------|------------------------------|---------------------------|----------------|
| 01/03/2011 | Routine/Periodic | Kimberly Wilson | Yes | No | 1/14/2011 iKMW110035557 | |
| Comments on Inspection: No well sign, violation of NMAC 19.15.16.8. Operator must submit a C-103 stating date sign was installed by January 17, 2011. | | | | | | |

Oil Conservation Division
1301 W. Grand Avenue • Artesia, New Mexico 88210
Phone (575)748-1283 • Fax (575) 748-9720 • www.emnrd.state.nm.us/ OCD



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,

A handwritten signature in cursive script that reads "Kimberly M. Wilson".

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.