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NEW MEXICO ENERGY, MINERALS NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E. Director Oil Conservation Division

Response Required - Deadline Enclosed

17-Jan-08

7001 1940 0001 9971 5871

ARENA RESOURCES, INC 6555 S LEWIS AVE. TULSA OK 74136

LOV NO. 02-08-016

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.

| RED LAKE UNIT No.022 Inspection Date Type Inspectio | | | Violation? | E-36-16S-28E *Significant | 30-015-01286-00- Corrective | 00 Inspection No. |
|---|---|--|---|---|--|-------------------|
| Date | • | • | | Non-Compliance? | | - |
| 01/17/2008 | Bradenhead | Richard Inge | Yes | No | 1/28/2008 | iREI0801736545 |
| | | commenced in order that such tests | • | | | |
| | | Failure to contact the OCD by comp will require that this well be shut-in | | • | uired inspection on th | is well |
| RED LAKE | UNIT No.016 | will require that this well be shut-in | | • | uired inspection on th | |
| RED LAKE Inspection Date | UNIT No.016 Type Inspection | will require that this well be shut-in | | iance due date. | · | |
| Inspection | | will require that this well be shut-in | on the compl | iance due date. O-25-16S-28E *Significant | 30-015-23122-00- Corrective | 00 |
| Inspection Date 01/17/2008 | Type Inspection Bradenhead on Inspection: | will require that this well be shut-in | Violation? Yes .704.A (5), whand time any | iance due date. O-25-16S-28E *Significant Non-Compliance? No nich states in part "" | 30-015-23122-00-Corrective Action Due By: 1/28/2008 The injection well ope | Inspection No. |

will require that this well be shut-in on the compliance due date.

RED LAKE UNIT No.019 C-36-16S-28E 30-015-23148-00-00 Inspection *Significant Corrective Type Inspection Violation? Inspector Inspection No. Date Non-Compliance? Action Due By: 01/17/2008 Bradenhead ıREI0801736458 Richard Inge Yes No 1/28/2008 Comments on Inspection: Violation of NMOCD Rule 19.15 9.704 A (5), which states in part "... The injection well operator shall advise the division of the date and time any initial, five-year or special tests are to be commenced in order that such tests may be witnessed." Failure to contact the OCD by compliance due date to schedule the required inspection on this well will require that this well be shut-in on the compliance due date. RED LAKE UNIT No.010 30-015-23406-00-00 Inspection *Significant Corrective Type Inspection Inspector Violation? Inspection No. Date Non-Compliance? Action Due By: 01/17/2008 Bradenhead Richard Inge Yes iREI0801736312 No 1/28/2008 Violation of NMOCD Rule 19.15 9.704.A (5), which states in part "... The injection well operator Comments on Inspection: shall advise the division of the date and time any initial, five-year or special tests are to be commenced in order that such tests may be witnessed." Failure to contact the OCD by compliance due date to schedule the required inspection on this well will require that this well be shut-in on the compliance due date. **RED LAKE UNIT No.024** G-36-16S-28E 30-015-23658-00-00 Inspection *Significant Corrective Inspector Type Inspection Violation? Inspection No. Date Non-Compliance? Action Due By: 01/17/2008 Bradenhead Richard Inge Yes No 1/28/2008 iREI0801736587 Comments on Inspection: Violation of NMOCD Rule 19.15.9.704.A (5), which states in part "...The injection well operator shall advise the division of the date and time any initial, five-year or special tests are to be commenced in order that such tests may be witnessed." Failure to contact the OCD by compliance due date to schedule the required inspection on this well will require that this well be shut-in on the compliance due date. **RED LAKE UNIT No.021** A-36-16S-28E 30-015-23659-00-00 Inspection *Significant Corrective Type Inspection Inspector Violation? Inspection No. Date Non-Compliance? Action Due By: 01/17/2008 Bradenhead Richard Inge Yes 1/28/2008 iREI0801736506 No Violation of NMOCD Rule 19.15.9.704.A (5), which states in part "...The injection well operator Comments on Inspection: shall advise the division of the date and time any initial, five-year or special tests are to be commenced in order that such tests may be witnessed." Failure to contact the OCD by compliance due date to schedule the required inspection on this well will require that this well be shut-in on the compliance due date. RED LAKE UNIT No.025 J-36-16S-28E 30-015-23861-00-00 Inspection *Significant Corrective **Type Inspection** Inspector Violation? Inspection No. Date Non-Compliance? Action Due By: 01/17/2008 Bradenhead Richard Inge Yes No 1/28/2008 iREI0801734624 Violation of NMOCD Rule 19.15.9.704.A (5), which states in part "... The injection well operator Comments on Inspection: shall advise the division of the date and time any initial, five-year or special tests are to be commenced in order that such tests may be witnessed." Failure to contact the OCD by compliance due date to schedule the required inspection on this well will require that this well be shut-in on the compliance due date.

RED LAKE UNIT No.007 G-25-16S-28E 30-015-23936-00-00 Inspection *Significant Corrective Type Inspection Inspection No. Inspector Violation? Date Non-Compliance? Action Due By: 01/17/2008 Bradenhead iREI0801736216 Richard Inge 1/28/2008 Yes No Violation of NMOCD Rule 19 15.9.704.A (5), which states in part ".. The injection well operator Comments on Inspection: shall advise the division of the date and time any initial, five-year or special tests are to be commenced in order that such tests may be witnessed." Failure to contact the OCD by compliance due date to schedule the required inspection on this well will require that this well be shut-in on the compliance due date. **RED LAKE UNIT No.012** I-25-16S-28E 30-015-24016-00-00 a: Insp**ectio**n *Significant Corrective Type Inspection Inspector Violation? Inspection No. Date Non-Compliance? Action Due By: 01/17/2008 Bradenhead Richard Inge Yes No 1/28/2008 iREI0801736361 Violation of NMOCD Rule 19.15.9.704.A (5), which states in part "... The injection well operator Comments on Inspection: shall advise the division of the date and time any initial, five-year or special tests are to be commenced in order that such tests may be witnessed." Failure to contact the OCD by compliance due date to schedule the required inspection on this well will require that this well be shut-in on the compliance due date. **RED LAKE UNIT No.005** A-25-16S-28E 30-015-24130-00-00 Inspection *Significant Corrective Type Inspection Inspector Violation? Inspection No. Date Non-Compliance? Action Due By: 01/17/2008 Yes Bradenhead Richard Inge 1/28/2008 iREI0801736136 Comments on Inspection: Violation of NMOCD Rule 19.15.9.704.A (5), which states in part "... The injection well operator shall advise the division of the date and time any initial, five-year or special tests are to be commenced in order that such tests may be witnessed." Failure to contact the OCD by compliance due date to schedule the required inspection on this well will require that this well be shut-in on the compliance due date. RED LAKE UNIT No.009 E-30-16S-29E 30-015-25557-00-00 *Significant Inspection Corrective Type Inspection Inspector Violation? Inspection No. Date Non-Compliance? Action Due By: 01/17/2008 Richard Inge Bradenhead Yes iREI0801736266 No 1/28/2008 Comments on Inspection: Violation of NMOCD Rule 19.15.9.704.A (5), which states in part "...The injection well operator shall advise the division of the date and time any initial, five-year or special tests are to be commenced in order that such tests may be witnessed." Failure to contact the OCD by compliance due date to schedule the required inspection on this well will require that this well be shut-in on the compliance due date. **RED LAKE UNIT No.002** O-24-16S-28E 30-015-25681-00-00 Inspection *Significant Corrective Type Inspection Inspector Violation? Inspection No. Date Non-Compliance? Action Due By: 01/17/2008 Bradenhead Richard Inge Yes iREI0801736030 No 1/28/2008

commenced in order that such tests may be witnessed."

will require that this well be shut-in on the compliance due date.

Violation of NMOCD Rule 19.15.9.704.A (5), which states in part "... The injection well operator shall advise the division of the date and time any initial, five-year or special tests are to be

Failure to contact the OCD by compliance due date to schedule the required inspection on this well

Comments on Inspection:

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 Divison 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,

Ruther Nas 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.