

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

*Field Inspection Program
"Preserving the Integrity of Our Environment"*

11-Mar-08

TIPTON OIL & GAS ACQUISITIONS, INC.
PO Box 1597
Lovington, NM 88260

LOV NO. 02-08-041

ORBIT PETROLEUM, INC. ←
1131 East Britton Road
Oklahoma City, OK 73131

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 re-inspect the well and/or facility.

INSPECTION DETAIL SECTION

O'BRIEN FEE 19 No.001

N-19-8S-29E

30-005-60528-00-00

| Inspection Date | Type Inspection | Inspector | Violation? | *Significant Non-Compliance? | Corrective Action Due By: | Inspection No. |
|--|-------------------------|---------------|------------|------------------------------|---------------------------|----------------|
| 03/10/2008 | Compliance Verification | Sherry Bonham | Yes | No | 3/21/2008 | iSEB0807053218 |
| Comments on Inspection: Violation of rule 19.15.3.116 and rule 13. Active leak on west tank. Leak must be immediately attended to and form C-141 Spill Report submitted to OCD office by action due date. | | | | | | |

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.