



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

07-Mar-07

UNIT PETROLEUM CO

P. O. BOX 702500

TULSA OK 74170-2500

LOV NO. 026607

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.

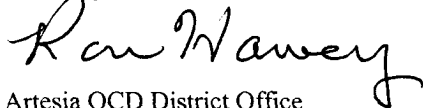
INSPECTION DETAIL SECTION

| GOURLEY FEDERAL No.003Q | | | | H-28-22S-28E | 30-015-34152-00-00 | |
|---|------------------|---|------------|------------------------------|---------------------------|----------------|
| Inspection Date | Type Inspection | Inspector | Violation? | *Significant Non-Compliance? | Corrective Action Due By: | Inspection No. |
| 03/07/2007 | Routine/Periodic | Ron Harvey | Yes | No | 4/9/2007 | iREH0706635808 |
| Violations | | | | | | |
| Absent Well Identification Signs (Rule 103) | | | | | | |
| Emergency/Temporary Pits | | | | | | |
| Comments on Inspection: | | Well producing since 5/1/2006. Drilling pit still open and full of liquid in violation of Rule 50. Liner ok. Well sign does not contain all required information in violation of Rule 103. Photos taken | | | | |

| CARLSBAD TOLES FED COM No.001 | | | | I-29-22S-28E | 30-015-34450-00-00 | |
|-------------------------------|------------------|--|------------|------------------------------|---------------------------|----------------|
| Inspection Date | Type Inspection | Inspector | Violation? | *Significant Non-Compliance? | Corrective Action Due By: | Inspection No. |
| 03/07/2007 | Routine/Periodic | Ron Harvey | Yes | No | 4/9/2007 | iREH0706631243 |
| Violations | | | | | | |
| Emergency/Temporary Pits | | | | | | |
| Comments on Inspection: | | Well completed 8/31/2006. Drilling pit still open and full of liquid in violation of Rule 50. Pit liner ok, location and equipment ok. Photos taken. | | | | |

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 black ink, appearing to read "Ron Hawery". The signature is fluid and cursive, with the first name "Ron" being more prominent than the last name "Hawery".

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.