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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.

			INSPECTIO	ON DETAIL	L SECTION	,	
PINNACLE STATE No.019 Inspection Date Type Inspection			Inspector	Violation?	E-36-22S-28E *Significant Non-Compliance?	30-015-36065-00-0 Corrective Action Due By:	Inspection No.
09/03/2008	File and Compliance Review		Gerry Guye	Yes	No	9/18/2008 i	GEG0824750905
Comments on Inspection: Violation of Rule 19.15.13.1105, Failure to file completion documents and Rule 19.15.1 sales of oil without approved C-104. Well must be SHUT-IN IMMEDIATELY pending of C-104.							
RDX 15 No.002 Inspection Date Type Inspection		Inspector	Violation?	P-15-26S-30E *Significant Non-Compliance?	30-015-36151-00-00 Corrective Action Due By:	Inspection No.	
09/03/2008	File and Com	pliance Review	Gerry Guye	Yes	No	9/18/2008 i	GEĠ08247 <i>5</i> 2243
Comments	on Inspection:					l Rule 19.15.10.801, sal of pending approval of C	
PINNACLE Inspection Date	STATE No.02 Type Inspection	-	Inspector	Violation?	O-36-22S-28E *Significant Non-Compliance?	30-015-36217-00-00 Corrective Action Due By:	Inspection No.
09/03/2008	File and Comp	oliance Review	Gerry Guye	Yes	No	•	GEG0824752803
		sales of oil withou				and Rule 19.15.10.801, IATELY pending appro-	

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 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,

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.