

4914 N. Midkiff Rd.
Midland, Texas 79705
(432) 697-3420-Phone
(432) 697-3400-Fax

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Dakota Resources, Inc.

December 7, 2007

Oil Conservation Division
ATTN: Mark Whitaker
1625 N. French Drive
Hobbs, NM 88240



RE: Letter of Violation dated 11/4/07

Mr. Whitaker,

This letter is to inform you that new well signs have been placed at the **Hale State #001Y, Warren #002 and the Consolidated State #003**. They are now ready for inspection. Thank you.

Sincerely,

Rick Maddox
Operations Manager

Compliance achieved
12/12/2007
MW

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NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

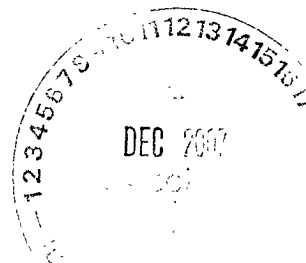
Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

Field Inspection Program
"Preserving the Integrity of Our Environment"



04-Nov-07

DAKOTA RESOURCES INC (I)

4914 N. MIDKIFF RD

MIDLAND TX 79705

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

HALE STATE No.001Y				J-8-17S-37E	30-025-26773-00-00	
Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
11/02/2007	Routine/Periodic	Mark Whitaker	Yes	No	12/7/2007	iMAW0730641267
Violations						
Absent Well Identification Signs (Rule 103)				-		
Comments on Inspection:		WELL SIGN NOT LEDGIBLE (SEE RULE 103). NEED TO REPLACE WELL SIGN. FIRST LETTER OF NON-COMPLIANCE. MW				

WARREN No.002				H-8-17S-37E	30-025-26953-00-00	
Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
11/02/2007	Routine/Periodic	Mark Whitaker	Yes	No	12/7/2007	iMAW0730640950
Violations						
Absent Well Identification Signs (Rule 103)						
Comments on Inspection:		NO WELL SIGN AT PU AND SIGN AT BATTERY NOT LEDGIBLE (SEE RULE 103). NEED TO INSTALL WELL SIGNS. FIRST LETTER OF NON-COMPLIANCE. MW				

CONSOLIDATED STATE No.003

C-9-17S-37E

30-025-29711-00-00

Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
11/02/2007	Routine/Periodic	Mark Whitaker	Yes	No	12/7/2007	iMAW0730640780
Violations Absent Well Identification Signs (Rule 103)						

Comments on Inspection: SIGN AT CONSOLIDATED BATTERY NOT LEDGIBLE (SEE RULE 103). NEED TO REPLACE SIGN. FIRST LETTER OF NON-COMPLAINCE. MW

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,


COMPLIANCE OFFICER

Hobbs 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